

CITY OF FAIRBORN



**Single Audit Reports
December 31, 2011**



Dave Yost • Auditor of State

Members of Council
City of Fairborn
44 West Hebble Avenue
Fairborn, Ohio 45324

We have reviewed the *Independent Auditor's Report* of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Fairborn is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 13, 2012



2011

Comprehensive Annual Financial Report



CITY OF FAIRBORN, OHIO

FOR THE YEAR ENDED
DECEMBER 31, 2011

CITY OF FAIRBORN, OHIO

GREENE COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

Prepared by:
Department of Finance

Randall J. Groves, CPFO, CGFM
Finance Director



City of Fairborn, Ohio
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For the Year Ended December 31, 2011
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I N T R O D U C T O R Y S E C T I O N





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FINANCE DIVISION**
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July 30, 2012

Honorable Mayor and
Members of Council
City of Fairborn
44 West Hebble Avenue
Fairborn, Ohio 45324

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn ("the City") for the year ended December 31, 2011. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report enables the City to comply with Ohio Administrative Code Section 117-2-03(B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires that cities reporting on a GAAP basis file an unaudited annual report with the Auditor of State within 150 days of year-end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Introduction

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Fairborn to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City Finance Department. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operation of the City, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14/39, "*The Financial Reporting Entity*" in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards, commissions and jointly governed organizations that are part of the primary government, which includes the following services: public safety (police, fire, emergency medical services and public prosecutor), sanitation, social services, culture and recreation, water and sewer, planning and zoning, construction and maintenance of highways, streets and infrastructure, income tax collection, municipal court and general administrative services. City Council and the City Manager have direct responsibility for these activities.

The City of Fairborn

The City of Fairborn is located in the west central part of the state of Ohio, approximately 60 miles north of Cincinnati, 70 miles west of Columbus and 10 miles northeast of Dayton, on Interstate 675. Easy access to both Interstates 70 and 75 place Fairborn within approximately a one-hour drive of Cincinnati and Columbus. The home of aviation, Fairborn is the site of the Wright Brothers Memorial, Air Force Institute of Technology, Wright Field, Wright State University and Wright Patterson Air Force Base.

The City of Fairborn is a home rule municipal corporation operating under its own charter. In November 1946, the electors of the Village of Osborn adopted a charter to take effect January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to change the name of the Village to Fairborn, effective January 1, 1950. The Village of Fairborn became a city on August 20, 1951, with the electorate adopting the City's first charter on November 2, 1971.

The City operates under a Council-Manager form of government. City Council consists of seven members, six of which are elected to four-year terms in the general municipal election. The Mayor, as seventh City Council member, is elected to a two-year term by a separate ballot from the municipality at large. City Council appoints the City Manager who oversees the daily operations of the City. The City Manager appoints all department managers of the City.

Council is required to adopt an initial budget by no later than April 1. Council may adopt a temporary budget to cover the first three months of the year. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget as it may have been amended, as the City's annual budget effective April 1, for the remainder of the year.

Economic Condition and Outlook

With economic diversity, key governmental institutions, and prime land for additional development, Fairborn has what it takes to fuel business growth. Collaboration with numerous organizations and businesses have helped Fairborn to maintain its current business base and expand new and exciting ventures in commercial, industrial, government and office development.

As home to Wright State University and the gateway to Wright-Patterson Air Force Base (WPAFB), Fairborn gains economic strength from two of the largest employers in the Miami Valley region. The close proximity to WPAFB draws businesses serving the Air Force and other branches of the military to locate in Fairborn. WPAFB personnel work with military contractors to develop new procedures, technology, and products that increase the ability of the military to protect our Nation. While military and government-related businesses are a vital part of Fairborn's economy, there are many others that provide economic support and add to the diversity of the City's business community, including major manufacturing facilities, distribution centers serving regional markets, and research and development firms.

One of the most recent and exciting initiatives for Fairborn is the development of the National Center for Medical Readiness Tactical Laboratory at Calamityville. A project of the Department of Emergency Medicine in the Boonshoft School of Medicine at Wright State University, Calamityville is a state of the art collaborative training and research facility that provides unique training opportunities for the world's medical, public health, public safety, civilian and military disaster responders and decision makers. Calamityville is located in Fairborn on the 54 acre site of the former CEMEX plant, an international supplier of cement.

Calamityville is a self-sustaining, real-life disaster simulation facility which focuses on training for the medical aspects of disaster situations. The classroom learning environment supplemented with on-site disaster scenarios such as a crashed airplane, hazardous material spill, flood, confined space, and train derailment simulate real life disaster situations. Participants include first providers/receivers including doctors, nurses, military response teams, as well as first responders including law enforcement, fire, and emergency medical services personnel. The facility also functions as a test bed for commercial product research and development.

The Calamityville tactical laboratory is the first site in the United States to fully integrate civilian and military medical and non-medical responses to disasters or other complex rescue situations, providing a more complete learning experience for students and participants. Once fully operational, Calamityville is expected to draw thousands of participants to the area annually with a projected economic impact of \$374 million over a five year period for the Miami Valley region according to an economic analysis prepared by Wright State University.

Like the National Center for Medical Readiness, many other organizations are attracted to Fairborn due to the availability of real estate poised for development. Fairborn has four interchanges along Interstate 675 with prime industrial, office and commercial development sites located at or near the interchanges at North Fairfield Road, Dayton-Yellow Springs Road, State Route 235, and State Route 444.

From the technology based business office space in the Wright Executive Park to the more recent Valley Greene North development with acres of shovel ready sites available, Fairborn is ready to assist businesses looking for prime locations along Interstate 675. Fairborn is also one of a very limited number of cities that has rail service adjacent to industrial zoned land that is ready for development.

The city's progress in economic growth would not be possible without the assistance of the Fairborn Chamber of Commerce and the Downtown Fairborn Betterment Association. These groups of residents and business professionals help to increase prosperity and the quality of life in Fairborn by facilitating the growth of businesses by organizing networking opportunities and events during the year. The City will continue to pursue successful collaborations among businesses, community organizations, and governments to spur economic growth in Fairborn.

Major Initiatives

For 2011

As with other cities, the adequacy of the City of Fairborn's infrastructure to support its needs is essential. Also, economic development and revitalization continue to be the City's priority.

A 10 year, one-quarter of one percent income tax levy was approved by the residents in 2004 for fire facilities and equipment. The 10 year tax levy generates approximately \$1.9 million dollars annually and has been used to finance land acquisition and the construction and renovation of fire facilities, as well as the purchase of fire and EMS equipment for four stations.

During the same election in 2004, residents also approved a one-quarter of one percent income tax levy for resurfacing, reconstructing and repairing the City's thoroughfares and residential streets. The City developed a strategic plan and identified the thoroughfares and streets that will be upgraded as part of this 10 year initiative. The levy also generates approximately \$1.9 million per year to finance the infrastructure improvements. Through 2011, the seventh year of this street improvement program, the City has resurfaced or repaired 54 centerline miles of roadways affecting 198 local streets and 22 thoroughfares.

The Maple Avenue Overpass, approximately 460 feet long, received extensive concrete repairs to the parapet walls, curb and sidewalk in 2011. Winter weather and repetitive salting had taken their toll on the bridge, not having had any work of this nature performed for 36 years.

As with most cities of similar age, the water and wastewater infrastructure periodically is in need of repair and/or replacement. The Division of Water and Sewer undertook several projects in 2011 to rehabilitate aging infrastructure including the redevelopment of a well in the Mad River well field and relining over 3,000 feet of sewer main. An analysis of the primary interceptors that cross Wright Patterson Air Force Base found significant inflow and infiltration which will be addressed as part of a \$2 million pipe and manhole rehabilitation project in 2012. A similar study is being performed on the influent sewer to the city's largest collect system pump station,

Southeast Lift. The results will help determine needed repairs and capacity improvements of this important facility.

A major renovation was completed at the water treatment plant which improved and upsized influent and effluent piping and appurtenances to allow for higher treatment capacity. As a result of the project, the plant's daily treatment capabilities have been increased from 5.2 million gallons to 6.5 million gallons. This was the final step of a multi-year project that included hydraulic and capacity studies and filter media assessment and replacement.

In order to save funding for a large capital purchase in 2012, the Parks and Recreation division focused on less extensive projects called for in the Parks and Recreation Master Plan. For example, new granite signage at Maplewood Park, Sandhill Park, and Fair Creek Park was installed in an effort to replace old signage and continue with the parks signage branding.

A small house located at 714 Middle Street was renovated and will become part of the Mercer-Smith homestead. The house will be used during recreational programming for a restroom and catering kitchen as well as for administrative needs and storage. The house was a gift to the city from the Fairborn Parks Foundation.

Community Park continued to improve after a dramatic transformation in 2010. Sand volleyball courts were completely renovated in 2011 and way finding signage was added. A new picnic shelter and picnic tables were also added to Maplewood Park.

Capital improvements to the City's buildings and lands in 2011 focused heavily on the Government Center complex. Improvements included the addition of a lighted canopy over the existing fuel depot, allowing public works and safety forces to refuel safely at night and in inclement weather. The canopy will also add to the lifecycle of the fuel dispensers by protecting them from the weather.

Interior and exterior entry doors were replaced at the Police Department. Further, many of the locks were re-keyed and some doors were programmed for electronic access through a push button access or a key fob.

Finally, the public library roof was repaired and resealed. This activity added to the lifespan of the roof and provided necessary repairs of existing issues.

For the Future

The City's Comprehensive Plan helps facilitate managed and orderly growth. Growth however, continues to challenge the capacity of City infrastructure and the City's ability to maintain it, especially its water distribution, sewer collection, wastewater treatment, and street and thoroughfare systems. The City remains steadfast in its commitment to ensure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands. A perpetual five-year capital improvement plan is maintained and updated annually to assist the City in targeting the most important near-term capital improvements and the resources required to fund them.

The Engineering division continues to oversee the paving program for the 450 public streets in Fairborn and it is estimated an average of 30 streets per year will be paved in the future. Design work for the Dayton-Yellow Springs Phase II project will be completed in May 2012 with construction anticipated beginning in September 2012, using an OPWC grant of \$400,000 that has been awarded for this project. Phase II work on Dayton-Yellow Springs Road will take place from Beaver Valley Road to Ironwood Drive and include waterline, storm sewer, signalization, road widening, street resurfacing and re-striping improvements.

Design for the Spangler Road Improvements project will be completed in the fall of 2012. Since no funding for this project has been allocated, additional funding sources will need to be developed before construction can commence. A tax increment financing (TIF) district is being considered as a potential funding source.

After 9/11, Wright-Patterson Air Force Base has been concerned with securing its property through the relocation of State Route 444, which currently passes through base property. The relocation will put most of the traffic on City streets in the near future. The WPAFB environmental assessment is now completed and the base will be closing SR 444 in the fall of 2012. Engineering plans and cost estimates will be developed through ODOT as traffic patterns and potential problems develop.

The streetscape project construction on Main Street began in April 2012 and includes infrastructure enhancements from Broad Street to Pleasant Avenue including storm sewer, electric services, tree wells, intersection bump-outs with brick pavers, resurfacing, re-striping and landscaping.

The 2012 curb-sidewalk-approach program began in May 2012, replacing deteriorated concrete. This program is performed annually prior to the street improvement program and coincides with ADA compliant curb ramps being constructed at qualifying intersections.

Long range planning for water and sewer systems is driven not only by anticipated growth but also by Ohio Environmental Protection Agency rules and mandates, advances in treatment and contamination detection technology, aging facilities, and the aesthetic demands of citizens. The City's planning horizon includes projects to further increase raw water and treatment capacities, water treatment process changes to improve water quality, system storage and pumping facilities to support domestic and fire fighting demands, and conveyance system upgrades for increased capacity.

Many important projects that will improve the City's ability to meet current and future demand are slated for the near future. For water treatment and distribution this includes installation of a booster station to improve pressure for fire fighting and domestic purposes in the Rona Village residential area, construction of a secondary raw water line to provide both redundancy and additional conveyance capacity from the City's primary well field, and replacement of the water treatment plant's undersized 1970's vintage generator.

On the sewer collection side, a replacement lift station will be constructed to replace the aging Kauffman Lift Station. The new design incorporates additional capacity, energy saving features, and enhanced safety equipment. Efforts to reduce inflow and infiltration and renew aging sewer lines will continue through annual relining projects.

The Northwest Pump Station, which pumps sewage from south Fairborn to the Water Reclamation Center (WRC), is approaching a point where development in south Fairborn must be delayed if pumping capacity is not increased in the near future. The City selected Arcadis, Inc. in 2011 to evaluate the Northwest Pump Station and a design was developed that addresses a number of issues including the lack of pumping capacity for coping with major rain events.

The future project will include linking the pump station to the WRC's existing Supervisory Control and Data Acquisition (SCADA) system; increasing the capacity of the force main that delivers the pump station's output to the WRC; replacing the aging, unreliable, labor-intensive backup screen that removes debris from the incoming wastewater; and looping the existing non-potable water system to ensure adequate water pressure to all treatment processes.

Key considerations are the structural integrity of the pump station and whether or not it will be cost effective to increase the pumping capacity of the existing facility or if life cycle cost considerations dictate demolishing the existing facility and constructing a new one. Flow studies have indicated there is significant inflow and infiltration (I&I) of stormwater and groundwater to the collection system discharging to the Northwest Pump Station, thereby needlessly using up pumping capacity and increasing operational costs.

For 2012, the City is in the process of lining deteriorated sections of sewer lines to reduce this I&I. The outcome of this effort will determine whether it will be more cost effective to refurbish the existing pump station and increase its pumping capacity or demolish and replace it with new structure.

Once the Northwest Pump Station Project is complete, the next major WRC project is currently scheduled for 2015 and involves the design phase for a third clarifier tank and Ultraviolet (UV) Disinfection System upgrade, depending whether or not Ohio EPA promulgates additional and/or more stringent nutrient limits (nitrogen and phosphorus).

On the economic development front, the City has shown a renewed interest and focus for moving economic development forward. Examples of this effort include altering the functionality of the Community Development department through a minor reorganization, the creation of a new Economic Development division and associated budget, the creation of two new planning documents including a new strategic plan as well as a real estate analysis and strategy, the creation of new marketing material and a website focused on economic development, the revitalization of a formal business retention and expansion program, and the revitalization of the Fairborn Community Improvement Corporation. The city also has been able to expand its working relationships with the Fairborn Chamber and the downtown business association.

Current economic development efforts work to attract new businesses while encouraging existing businesses to reinvest. The City has adopted an aggressive approach to retaining

existing businesses and attracting new businesses in order to assure a healthy, well diversified business base in the future. City staff visits existing businesses to determine their needs and possible links to business resources in the region.

The City also encourages the revitalization of the downtown and Broad Street central business districts in order to capitalize on the needs of Wright State University and Wright-Patterson Air Force Base, especially in light of the imminent realignment of State Route 444. Recent revitalization projects initiated by the Community Development department include the continuation of the Broad Street corridor planning effort with the focus on the area adjacent to I-675 from I-70 south to State Route 235; the downtown facade program; and the partially grant-funded streetscape project to improve Main Street. Additionally, the city recently won the Brownfield Action Plan Pilot Program grant from the Ohio Department of Development in an effort to facilitate investment on Broad Street and the northern corridor of the city.

As mentioned previously in the Economic Condition and Outlook, Calamityville is continuing to be developed. Fairborn's Brownfield cleanup and adaptive reuse of the former CEMEX, Inc. property was made possible through the use of a \$2.8 million Clean Ohio Revitalization Fund grant along with a \$200,000 grant from the US EPA. The environmental remediation and redevelopment project is expected to be completed by the end of 2012.

As a result of the Base Realignment and Closure (BRAC) initiative as well as new trends within the U.S. Department of Defense a number of new military and civilian positions have been and will be added to WPAFB and the Miami Valley area which will have a positive impact on Fairborn's economy and business environment.

To encourage new military and civilian personnel to choose Fairborn as a place to live, the City works to encourage new housing developments and preservation of existing housing stock. The use of Neighborhood Stabilization Program (NSP) funds to assist in addressing housing issues in targeted neighborhoods continues to provide new housing opportunities. Efforts continue to focus on code enforcement and blight elimination to preserve and enhance the city's existing housing stock.

In summary, with the implementation of new economic development initiatives as well as the final development of Calamityville and BRAC coming to fruition, the City is working to seize business opportunities and encourage additional residential housing development. The City of Fairborn's future is bright as we continue to focus on community revitalization and economic development.

Financial Information

Basis of Accounting

The City uses fund accounting to maintain its financial records and operates on a cash basis of accounting during the year. For the purposes of this report and to present the most accurate picture of the City's finances for the fiscal year ended December 31, the cash basis records are

converted to the modified accrual and the accrual basis of accounting consistent with generally accepted accounting principles (GAAP) as applied to governmental units.

Internal Control Structure

Development of the City's accounting system included consideration of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements. The concept of reasonable assurance states that internal control should be evaluated to ensure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from its implementation. This evaluation involves estimates and judgment by City administration and members of the finance office. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

The City adopts an annual budget that includes estimated revenues and appropriations (authorized spending levels) for the year for all funds except for certain agency funds. The budget is amended during the year as appropriate according to Ohio budgetary law. Budgetary control is maintained by the encumbrance of purchase amounts prior to ordering goods or services or the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the purchase amount. Transaction detail for budgeted and actual revenues, appropriations, expenditures, and fund balances are available at any time via queries of the financial system or are contained in monthly reports. The legal level of budgetary control is by fund, department, and line item.

A more detailed description of the basis of accounting, budgetary process, and various funds and accounts utilized by the City are included in Note 2 to the basic financial statements.

Management's Discussion and Analysis (MD&A)

GASB Statement No. 34 requires management to provide an introductory overview and narrative, known as Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This transmittal letter is intended to be read in conjunction with this analysis. The MD&A can be found immediately following the independent accountant's report.

Independent Audit

Ohio law and the Fairborn City Charter require an annual audit of the City's financial statements by an independent auditor. Plattenburg and Associates performed the audit for the year ended December 31, 2011, and included in this report is their unqualified opinion rendered on the City's basic financial statements. The annual audit also provides an opportunity for an independent review of the City's financial policies and procedures and the comments and

recommendations generated continually strengthen the City's accounting and budgeting controls. The results of the audit are presented in the Independent Accountants' Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairborn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This was the twenty-second consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current report for the fiscal year ended December 31, 2010 continues to conform to program requirements and we will be submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgements

The preparation of this CAFR was made possible by the efficient and dedicated services of the entire staff of the Finance Department and fiscal personnel in other City departments. Special appreciation is expressed to Annetta Williams, Fiscal Officer, and supporting finance staff for their efforts and commitment to the preparation of this report and to ensuring it conforms to the highest standards in governmental financial reporting. We also thank the members of City Council for their interest and support in planning and conducting the financial operations of the City of Fairborn in a responsible and progressive manner.

It is the mission of the Finance Department to serve the City and its citizens with the highest degree of fiscal responsibility and professionalism. By issuing this CAFR we endeavor to remain fiscally accountable in order to preserve the public's confidence in our ability to govern the City's finances.

Respectfully submitted,

Randall J. Groves, CPFO, CGFM
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairborn
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dawson

President

Jeffrey R. Emer

Executive Director

City of Fairborn, Ohio

Principal Officials

December 31, 2011

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Thomas Nagel, Mayor

Stuart Snow, Deputy Mayor

James Hapner, Council Member

Dan Kirkpatrick, Council Member

Marilyn McCauley, Council Member

Tim Steininger, Council Member

Robert Wood, Council Member

CITY MANAGER

Deborah A. McDonnell

CITY SOLICITOR

Michael Mayer

FINANCE DIRECTOR

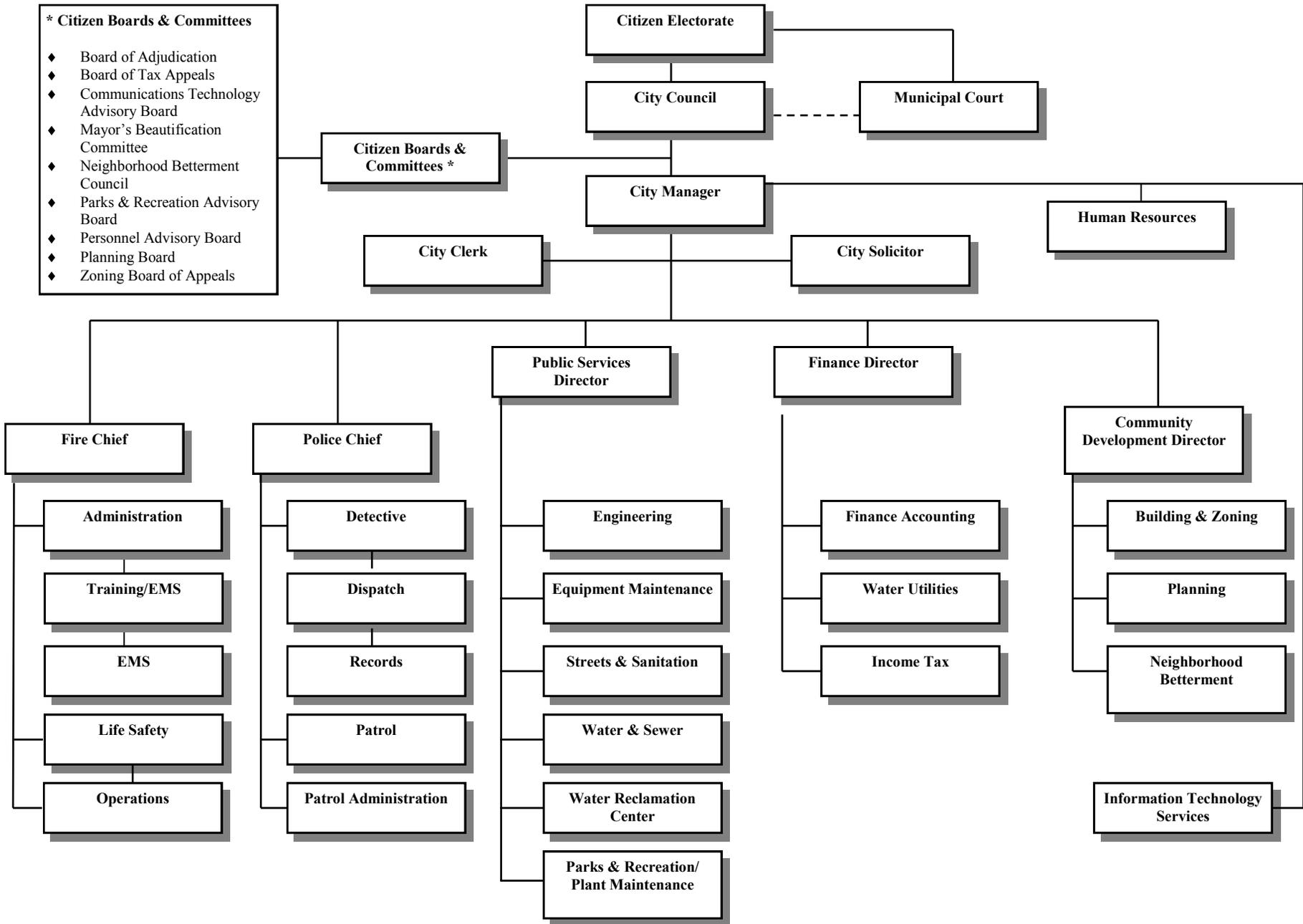
Randall J. Groves

FISCAL OFFICER

Annetta L. Williams

City of Fairborn Organizational Chart

- * Citizen Boards & Committees**
- ◆ Board of Adjudication
 - ◆ Board of Tax Appeals
 - ◆ Communications Technology Advisory Board
 - ◆ Mayor's Beautification Committee
 - ◆ Neighborhood Betterment Council
 - ◆ Parks & Recreation Advisory Board
 - ◆ Personnel Advisory Board
 - ◆ Planning Board
 - ◆ Zoning Board of Appeals





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F I N A N C I A L S E C T I O N



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council
and City Manager
City of Fairborn, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Fire & EMS Fund, Police Fund, County Motor Vehicle Tax Fund and Clean Ohio Revitalization Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and Statement No. 59, "*Financial Omnibus*".

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

August 17, 2012

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis is an introspective look at the finances of the City of Fairborn for the year ending December 31, 2011, providing an overview of the City's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- Governmental activities net assets make up 79 percent of the City's total net assets. Net assets of governmental activities increased \$4.5 million while net assets of business-type activities increased \$1.4 million, resulting in a 6.2 percent increase in the City's total net assets.
- Unrestricted governmental activities net assets increased 17 percent to \$7.6 million.
- Unrestricted business-type activities net assets increased 21 percent to \$9.0 million.
- The General Fund balance remained virtually unchanged at \$3.6 million.
- Business-type activities operations reflected an operating income of \$2.1 million and net assets increased \$1.4 million to \$21.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements are presented so the reader can understand the City's financial situation as a whole and to give a detailed view of the City's fiscal condition.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These government-wide financial statements provide information that will help the reader to determine if the City of Fairborn is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes to those assets. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City's operations are divided into two kinds of activities, governmental activities and business-type activities.

Governmental Activities – Most of the City's services are reported here including police, fire and emergency medical services, community development, recreation, street maintenance and repair, and general government administration. Municipal income taxes, property taxes, intergovernmental revenues, court fines and costs, and charges for services finance most of these activities.

Business-type Activities – These activities consist of water, sewer, and sanitation services. Service charges for these operations are assessed based upon the amount of usage or a usage fee. The intent is that the fees charged to users provide sufficient funding to cover operating costs, capital outlay, and associated debt service, while maintaining an appropriate reserve balance.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Information about the City's major funds is presented in the fund financial statements that begin on page 18. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and some by bond covenants. Other funds may be established by the City, with approval of Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City's major funds are the General, Fire and EMS, Police, County Motor Vehicle Tax, Clean Ohio Revitalization, General Bond Retirement, Tax Increment Financing, Water, Sewer, and Sanitation funds.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to City residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds

Services for which the City charges its citizens fees to generate sufficient funding to cover operating costs, capital outlay, and associated debt service are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Over time, net assets can serve as a useful indicator of a government's financial position. Table 1 provides a summary of the City's net assets for 2011 compared to 2010.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
Assets:							
Current and Other Assets	\$30,122,104	\$24,664,502	\$12,918,863	\$10,922,064	\$43,040,967	\$35,586,566	\$7,454,401
Capital Assets	67,128,576	68,137,292	26,191,029	26,755,263	93,319,605	94,892,555	(1,572,950)
<i>Total Assets</i>	<u>97,250,680</u>	<u>92,801,794</u>	<u>39,109,892</u>	<u>37,677,327</u>	<u>136,360,572</u>	<u>130,479,121</u>	<u>5,881,451</u>
Liabilities:							
Current and Other Liabilities	10,039,691	8,063,233	751,090	850,975	10,790,781	8,914,208	1,876,573
Long-Term Liabilities	7,114,205	9,129,212	16,542,211	16,451,408	23,656,416	25,580,620	(1,924,204)
<i>Total Liabilities</i>	<u>17,153,896</u>	<u>17,192,445</u>	<u>17,293,301</u>	<u>17,302,383</u>	<u>34,447,197</u>	<u>34,494,828</u>	<u>(47,631)</u>
Net Assets:							
Invested in Capital Assets, Net of Related Debt	59,259,234	58,223,118	12,778,599	12,913,413	72,037,833	71,136,531	901,302
Restricted	13,249,832	10,917,852	0	0	13,249,832	10,917,852	2,331,980
Unrestricted	7,587,718	6,468,379	9,037,992	7,461,531	16,625,710	13,929,910	2,695,800
<i>Total Net Assets</i>	<u>\$80,096,784</u>	<u>\$75,609,349</u>	<u>\$21,816,591</u>	<u>\$20,374,944</u>	<u>\$101,913,375</u>	<u>\$95,984,293</u>	<u>\$5,929,082</u>

Governmental activities net assets, which make up 79 percent of the City's total net assets, increased \$4.5 million in 2011. This increase in net assets is largely due to a \$2.4 million increase in program revenues, most of which came from operating and capital grants, and a \$1.1 million decrease in program expenses of which 79 percent resulted from reduced general government expenses.

Business-type activities net assets increased \$1.4 million mainly as a result of operating income generated from the water and sewer enterprise operations. Total net assets of the City as a whole increased \$5.9 million, a 6.2 percent improvement over the prior year.

Table 2 shows the changes in net assets for the year ended December 31, 2011 compared to 2010.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

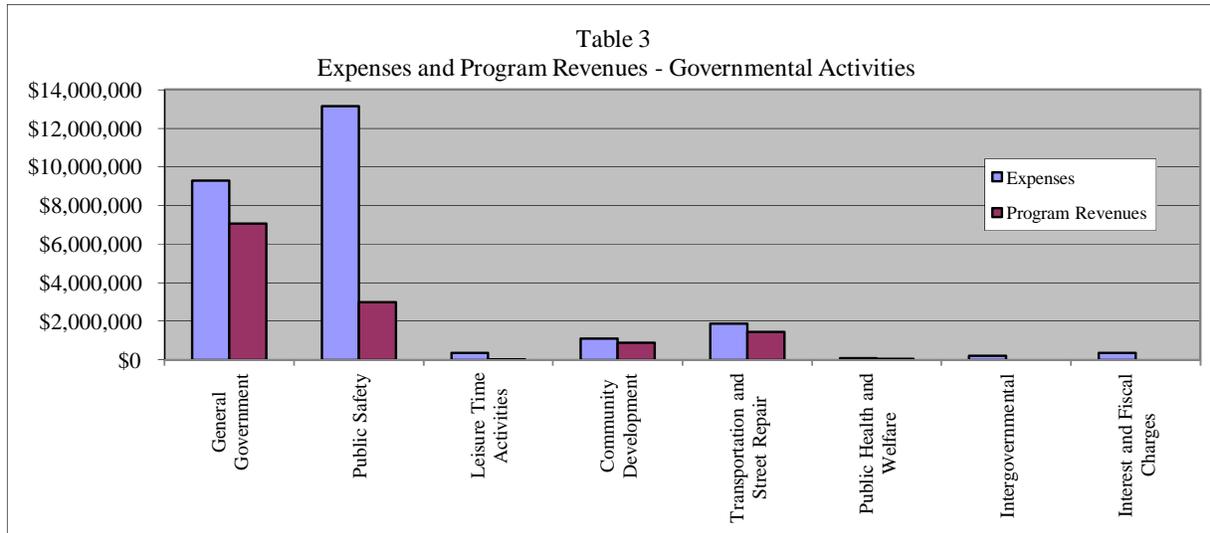
Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$6,648,452	\$6,839,275	\$12,396,628	\$12,018,414	\$19,045,080	\$18,857,689
Operating Grants, Contributions and Interest	3,119,605	2,601,148	0	51,742	3,119,605	2,652,890
Capital Grants, Contributions and Interest	3,224,212	1,154,072	90,165	67,240	3,314,377	1,221,312
<i>Total Program Revenues</i>	<u>12,992,269</u>	<u>10,594,495</u>	<u>12,486,793</u>	<u>12,137,396</u>	<u>25,479,062</u>	<u>22,731,891</u>
General Revenues:						
Property Taxes	2,676,387	2,468,102	0	0	2,676,387	2,468,102
Other Local Taxes	810,109	712,099	0	0	810,109	712,099
Revenue in Lieu of Taxes	332,269	339,114	0	0	332,269	339,114
Municipal Income Taxes	11,652,182	11,601,665	0	0	11,652,182	11,601,665
Grants and Entitlements not Restricted to Specific Programs	0 1,890,415	0 2,158,308	0 0	0 0	0 1,890,415	0 2,158,308
Investment Earnings	135,217	16,369	25,838	57,526	161,055	73,895
Other	501,046	397,906	25,429	29,830	526,475	427,736
<i>Total General Revenues</i>	<u>17,997,625</u>	<u>17,693,563</u>	<u>51,267</u>	<u>87,356</u>	<u>18,048,892</u>	<u>17,780,919</u>
<i>Total Revenues</i>	<u>30,989,894</u>	<u>28,288,058</u>	<u>12,538,060</u>	<u>12,224,752</u>	<u>43,527,954</u>	<u>40,512,810</u>
Program Expenses:						
General Government	9,358,187	10,210,347	0	0	9,358,187	10,210,347
Public Safety	13,148,808	13,166,582	0	0	13,148,808	13,166,582
Leisure Time Activities	353,854	509,311	0	0	353,854	509,311
Community Development	1,107,951	1,096,602	0	0	1,107,951	1,096,602
Transportation and Street Repair	1,858,735	1,829,298	0	0	1,858,735	1,829,298
Public Health and Welfare	96,966	91,846	0	0	96,966	91,846
Interest and Fiscal Charges	361,216	459,319	0	0	361,216	459,319
Intergovernmental	216,742	222,316	0	0	216,742	222,316
Water	0	0	3,211,043	3,456,025	3,211,043	3,456,025
Sewer	0	0	5,334,436	5,382,287	5,334,436	5,382,287
Sanitation	0	0	2,550,934	2,328,675	2,550,934	2,328,675
<i>Total Expenses</i>	<u>26,502,459</u>	<u>27,585,621</u>	<u>11,096,413</u>	<u>11,166,987</u>	<u>37,598,872</u>	<u>38,752,608</u>
<i>Increase in Net Assets</i>	4,487,435	702,437	1,441,647	1,057,765	5,929,082	1,760,202
<i>Net Assets at Beginning of Year</i>	<u>75,609,349</u>	<u>74,906,912</u>	<u>20,374,944</u>	<u>19,317,179</u>	<u>95,984,293</u>	<u>94,224,091</u>
<i>Net Assets at End of Year</i>	<u>\$80,096,784</u>	<u>\$75,609,349</u>	<u>\$21,816,591</u>	<u>\$20,374,944</u>	<u>\$101,913,375</u>	<u>\$95,984,293</u>

Governmental Activities

The City's governmental activities expenses exceeded program revenues in 2011 by \$13.5 million. However, with an infusion of \$18 million of general revenues, the net result was a \$4.5 million increase in governmental activities net assets. Total net assets of governmental activities are now \$80.1 million.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)



Program revenues supporting governmental activities were 42 percent of total revenues and consist of charges for services; operating grants, contributions and interest; and capital grants, contributions and interest. Table 3 demonstrates graphically the disparity between governmental activities expenses and the program revenues that are generated to support these services. This disparity is made up with general revenues which finance 68 percent of governmental activities. The largest disparity is in public safety (police, fire, and emergency services) where only 20 percent of their operations are funded with program revenues.

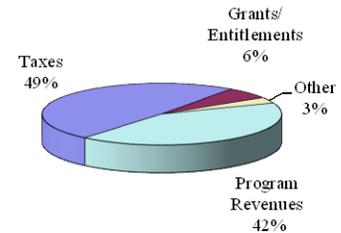
Program revenues were 23 percent higher in 2011 as the City received \$2.6 million more in operating and capital grants, contributions, and related interest than the previous year. The City received operating grants for public safety (D.A.R.E. program, victim assistance, jail diversion, justice administration), community development (CDBG and neighborhood stabilization program), as well as operating contributions for transportation and street repair (state shared gasoline and motor vehicle license taxes). Capital grants, contributions and interest included the Clean Ohio Revitalization Fund (CORF) grant used for the environmental remediation of the Calamityville site, developer donated streets, and a homeland security grant received for capital acquisitions.

Income taxes, property taxes, and other local taxes make up 84 percent of general revenues and 49 percent of total revenues for governmental activities. While income taxes were virtually the same as the previous year property taxes were 8% greater in 2011 than 2010. The City's reliance upon tax revenues is demonstrated in Table 4, which shows that tax revenues account for approximately 50 percent of total governmental activity revenues.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Table 4
Governmental Activity Revenues

<u>Governmental Activity Revenues</u>	<u>2011</u>	<u>% of Total</u>
General Revenues - Taxes	\$ 15,138,678	49%
General Revenues - Grants/Entitlements	1,890,415	6%
General Revenues - Other	968,532	3%
Program Revenues	12,992,269	42%
Total	\$ 30,989,894	100%



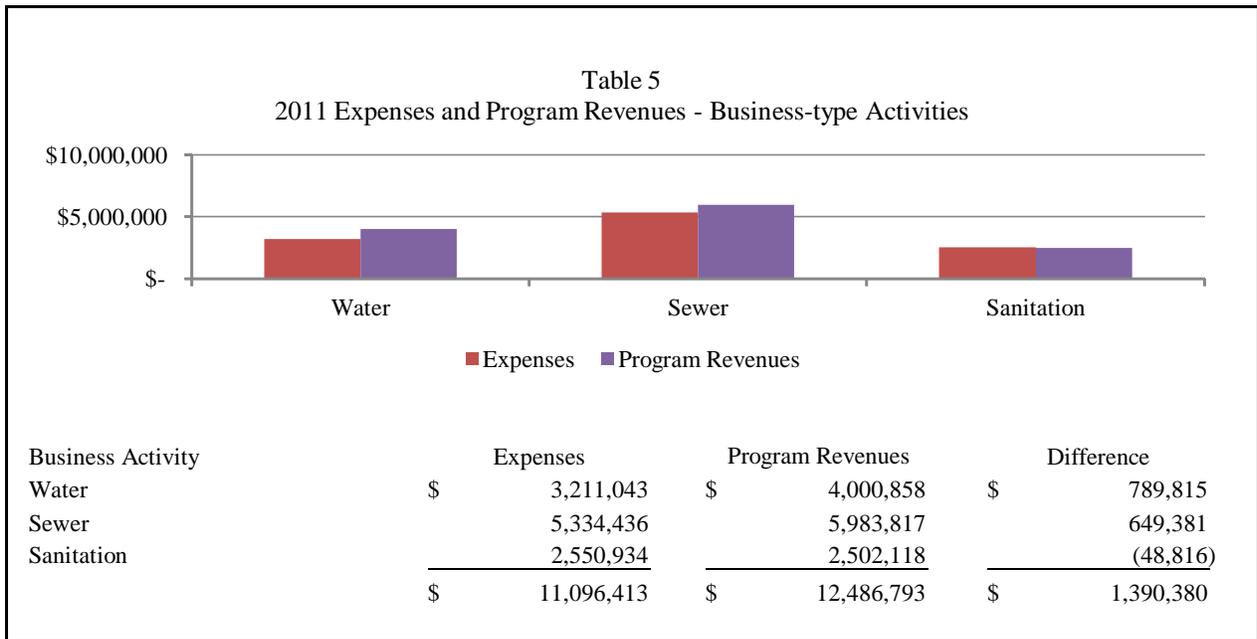
Because of the unique nature of property taxes in Ohio, taxing authorities must routinely seek voter approval for operating funds. In general, property tax revenue generated by a voted operating levy does not increase as property values increase. Instead, gross tax rates voted for by residents are reduced, if necessary, to generate the same amount of revenue annually as requested of the voters at the election. As an example, a homeowner's property with a market value of \$100,000 and a voted tax rate of 1.0 mill would initially pay \$35 annually in taxes (tax rates in Ohio are levied against 35 percent of market value). Three years later if the home was reappraised and the market value increased to \$200,000 (and the increase in value was comparable to other properties) the gross tax rate would be reduced to an effective tax rate of .5 mills and the owner would still pay \$35.

The City's income tax is 1.5 percent of all salaries, wages, commissions and other compensation, and on net profits earned from residents living within the City, as well as salaries and wages earned by non-residents that work within the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Business-type Activities

Net assets of the City's Water and Sewer Funds constitute 96 percent of the business-type activities net assets, with the Sanitation Fund making up the remainder. Business-type activities net assets rose seven percent to \$21.8 million. Business-type activities receive no support from tax revenues. Both the Water Fund and the Sewer Fund reported increased operating income for 2011, influenced by increases to both water and sewer usage rates while consumption was slightly lower than the previous year. The Sanitation Fund operated at a deficit in 2011 as the city incurred a rate increase for the competitively bid residential waste removal services contract. Management chose to delay an increase to the sanitation rate charged to residents until 2012 after an analysis was performed of the Sanitation Fund through the life of the residential waste removal contract. Table 5 summarizes 2011 expenses and program revenues for business-type activities.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)



THE CITY'S FUNDS

The financial activity for governmental funds is reported with a focus on the near-term flow of expendable resources which assists in demonstrating fiscal accountability. Thus, fund balances provide us with a snapshot of what resources are available at year-end for near-term spending, and an analysis of changes to fund balances over time assists in evaluating the degree to which a specific program, or a group of activities, is “living within its means.”

The City has seven major governmental funds including the General, Fire and EMS, Police, County Motor Vehicle Tax, Clean Ohio Revitalization, General Bond Retirement, and Tax Increment Financing funds, which combine for 51 percent of all governmental fund balances and 75 percent of the governmental funds’ total assets of \$30.1 million.

General Fund: The effects of the economy and cuts by the State of Ohio to shared revenues have placed significant stress on the General Fund over the last several years. Slight increases in income taxes and charges for services helped lessen the effect of the State cuts to intergovernmental shared revenues and a drop in court fines. Also, as more fully detailed in the General Fund Budgetary Highlights section, efforts to limit spending were successful. As a result, after several years of deficit spending the General Fund experienced a \$14,701 increase in its GAAP basis fund balance for 2011.

Fire and EMS Fund: The General Fund subsidizes the Fire and EMS Fund with transfers that were 61 percent of total fund revenues and other financing sources in 2011. The transfers are made monthly in amounts as needed with the intent that this fund maintains a minimum cash balance. Accrued revenues exceeded accrued expenditures at year-end increasing the December 31, 2011 fund balance to a negative \$.2 million.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Police Fund: The General Fund subsidizes the Police Fund with transfers that were 93 percent of total fund revenues and other financing sources in 2011. The transfers are made monthly in amounts as needed with the intent that this fund maintains a minimum cash balance. Accrued revenues exceeded accrued expenditures at year-end resulting in a December 31, 2011 fund balance of negative \$.23 million.

County Motor Vehicle Tax Fund: The fund balance at December 31, 2011, was \$2.6 million, which was \$.3 million over the 2010 balance. Revenues exceeded expenditures during 2011.

Clean Ohio Revitalization Fund: The fund balance at December 31, 2011, was \$1.8 million, a increase from 2010. Revenues exceeded expenditures during 2011.

General Bond Retirement Fund: The fund balance at December 31, 2011, was \$.29 million, an increase from 2010. Expenditures exceeded revenues during 2011.

Tax Increment Financing Fund: A negative fund balance continues to be carried in this fund as payments in lieu of taxes revenues are not sufficient to retire the notes issued to fund the TIF district infrastructure improvements. Fund balance at December 31, 2011 was a negative \$1.8 million.

General Fund Budgetary Highlights

The City's budget is required by Ohio law and is prepared on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Already reeling from the budgetary pressures of 2009 and 2010, the city found itself in dire straits heading into 2011. Three voted property tax levies that generated over a million dollars had expired in 2010 with 2011 being the last year of collections. Residents had just soundly defeated a proposed 9.9 mill property tax levy at the November 2010 election which would have provided necessary funds to replace the expiring levies and allow a slight increase to police and fire staffing. With the General Fund revenue picture already cloudy heading into 2011 there was also talk at the State level of cuts to various intergovernmental shared-revenue sources including the local government funds, estate taxes, and personal property reimbursements.

With looming cuts on the horizon the budgeted revenue for 2011 was originally set at levels less than what was actually received in 2010. Reality set in mid-year as the State biennial budget contained major cuts to the local government funds and personal property tax reimbursements, and the estate tax was eliminated beginning in 2013. In response, the revenue budget was reduced even further. Actual revenues of \$16.1 million were essentially equal to the final budgeted amount and nearly \$700,000 less than the prior year.

Adequate future funding to sustain operations was clearly in doubt and so it was imperative the city focus on spending restraint in 2011 in order to place the city at the best possible position heading into 2012 in case residents did not approve the city's proposed property tax increase. For 2011, department expenditure budgets were set at or below prior years' levels and a wage

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

and hiring freeze continued. Fiscal restraint in 2011 dominated all budget and operating decisions. General Fund final budgeted expenditures were within one percent of original budgeted expenditures. All departments watched their budgets closely during the year in order to conserve funds in case the levies did not pass.

Actual expenditures and other financing uses of \$16.7 million for the General Fund were 98 percent of the final 2011 budget with \$9.6 million transferred to other funds to subsidize police and fire/EMS public safety services; street lighting; victim assistance; cemetery operations; and to provide funding for general capital outlay, maintenance, or debt associated with City building and land improvements. Transfers to the Police Fund (\$5.4 million) and the Fire and EMS Fund (\$3.5 million) make up by far the vast majority of these transfers.

In summary, the city weathered the storm of State cuts to local government funds and personal property tax reimbursements in 2011 and General Fund total revenues were only approximately 4% less than 2010 amounts. The efforts to curtail spending were successful and the General Fund budgetary basis fund balance increased slightly to \$2.6 million.

Additionally, voters approved for the first time in 29 years a property tax increase for city operations. The passage of the two five-year, 4.4 mill levies for police and fire operations and equipment is projected to provide sufficient funding, at least for the next five years, to maintain current city services and staffing levels and staved off a significant round of budget cuts that would have drastically affected the level of services provided to city residents and businesses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets represent all assets over the capitalization threshold used in operations that have an initial useful life of greater than one year. Table 6 summarizes the capital assets of governmental and business-type activities, net of accumulated depreciation.

The street resurfacing program that is funded with the .25% income tax added \$1.5 million in road improvements to governmental activities infrastructure. The net effect of capital assets additions, deletions, and depreciation was a reduction of \$1 million to governmental activities capital assets.

Business-type activities construction in progress increased significantly as the water treatment plant improvement project progressed in 2011. The net effect of all additions, deletions, and depreciation was a \$.6 million reduction to capital assets used in business-type activities.

See Note 9 in the notes to the basic financial statements for further details on the City's capital assets.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Table 6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$14,171,620	\$13,954,894	\$165,741	\$165,741	\$14,337,361	\$14,120,635
Construction in Progress	130,508	198,651	1,266,273	296,300	1,396,781	494,951
Buildings	13,599,724	14,032,945	16,978,315	17,845,745	30,578,039	31,878,690
Improvements Other Than Buildings	795,703	822,737	558,351	747,914	1,354,054	1,570,651
Machinery and Equipment	1,513,415	1,659,810	452,339	525,428	1,965,754	2,185,238
Vehicles	2,171,664	2,525,241	552,687	700,387	2,724,351	3,225,628
Infrastructure	34,745,942	34,943,013	6,217,323	6,473,748	40,963,265	41,416,761
Total	\$67,128,576	\$68,137,291	\$26,191,029	\$26,755,263	\$93,319,605	\$94,892,554

Debt Administration

Table 7 summarizes the 2011 and 2010 long-term debt activity of governmental and business-type activities.

Table 7
Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Long-term Notes	\$120,000	\$710,000	\$5,577,000	\$4,057,000
General Obligation Bonds	390,466	570,583	9,657,268	10,560,921
Revenue Bonds	3,669,437	4,802,583	0	0
Special Assessment Bonds	1,394,000	1,437,000	115,000	120,000
Landfill Closure and Postclosure	0	0	216,930	313,400
Loans Payable	0	0	568,607	919,043
Capital Leases	395,237	527,264	224,744	285,848
Compensated Absences Payable	1,145,065	1,081,782	182,662	195,196
Totals	\$7,114,205	\$9,129,212	\$16,542,211	\$16,451,408

No major debt issuances and scheduled debt service payments contributed to a 22.1 percent reduction for governmental activities long-term obligations. The voted general obligation bond originally issued in 2001 for building improvements to the downtown library were finally retired in 2011, reducing tax rates for property owners by .30 mills.

The business-type long-term various purpose water notes outstanding at December 31, 2010 were renewed and an additional \$1,520,000 in long-term notes were issued to fund the Mad

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

River Crossing construction project, Spangler Road water main extension, and an upgrade to the water treatment plant's generator and electrical systems.

See Note 14 in the notes of the basic financial statements for further details on the City's long-term obligations.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or requests for additional financial information can be directed to Randy Groves, Finance Director, at the Fairborn Government Center (44 West Hebble Avenue, Fairborn, Ohio 45324; 937-754-3005) or through the City's website at www.ci.fairborn.oh.us/dept/finance.

City of Fairborn, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$12,038,423	\$11,109,123	23,147,546
Accounts Receivable	342,169	1,080,073	1,422,242
Accrued Interest Receivable	25,522	0	25,522
Internal Balances	(236,128)	236,128	0
Assets Held for Resale	3,304,522	0	3,304,522
Materials and Supplies Inventory	230,827	242,366	473,193
Intergovernmental Receivable	2,974,737	0	2,974,737
Revenue in Lieu of Taxes Receivable	405,634	0	405,634
Municipal Income Taxes Receivable	4,153,309	0	4,153,309
Property Taxes Receivable	5,385,383	0	5,385,383
Other Local Taxes Receivable	118,650	0	118,650
Special Assessments Receivable	1,368,399	115,000	1,483,399
Deferred Charges	10,657	136,173	146,830
Nondepreciable Capital Assets	14,302,128	1,432,014	15,734,142
Depreciable Capital Assets, net	52,826,448	24,759,015	77,585,463
<i>Total Assets</i>	<u>97,250,680</u>	<u>39,109,892</u>	<u>136,360,572</u>
Liabilities:			
Accounts Payable	461,896	305,047	766,943
Contracts Payable	903,412	18,916	922,328
Matured Compensated Absences Payable	2,243	0	2,243
Accrued Wages Payable	475,840	43,902	519,742
Retainage Payable	6,422	0	6,422
Intergovernmental Payable	847,122	78,990	926,112
Refundable Deposits	0	210,630	210,630
Deferred Revenue	5,300,034	0	5,300,034
Notes Payable	2,009,129	0	2,009,129
Accrued Interest Payable	33,593	93,605	127,198
Long-Term Liabilities:			
Due Within One Year	2,475,958	712,973	3,188,931
Due in More Than One Year	4,638,247	15,829,238	20,467,485
<i>Total Liabilities</i>	<u>17,153,896</u>	<u>17,293,301</u>	<u>34,447,197</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	59,259,234	12,778,599	72,037,833
Restricted for Debt Service	1,618,724	0	1,618,724
Restricted for Capital Outlay	1,984,045	0	1,984,045
Restricted for Public Safety	869,649	0	869,649
Restricted for Transportation and Street Repair	4,947,216	0	4,947,216
Restricted for Community Development	777,637	0	777,637
Restricted for General Government	3,052,561	0	3,052,561
Unrestricted	7,587,718	9,037,992	16,625,710
<i>Total Net Assets</i>	<u>\$80,096,784</u>	<u>\$21,816,591</u>	<u>\$101,913,375</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$9,358,187	\$5,006,470	\$11,473	\$2,905,888
Public Safety	13,148,808	1,580,842	768,179	316,904
Leisure Time Activities	353,854	20,555	0	1,420
Community Development	1,107,951	0	892,242	0
Transportation and Street Repair	1,858,735	0	1,447,711	0
Public Health and Welfare	96,966	40,585	0	0
Interest and Fiscal Charges	361,216	0	0	0
Intergovernmental	216,742	0	0	0
<i>Total Governmental Activities</i>	<u>26,502,459</u>	<u>6,648,452</u>	<u>3,119,605</u>	<u>3,224,212</u>
Business-Type Activities:				
Water	3,211,043	3,957,558	0	43,300
Sewer	5,334,436	5,936,952	0	46,865
Sanitation	2,550,934	2,502,118	0	0
<i>Total Business-Type Activities</i>	<u>11,096,413</u>	<u>12,396,628</u>	<u>0</u>	<u>90,165</u>
<i>Totals</i>	<u>\$37,598,872</u>	<u>\$19,045,080</u>	<u>\$3,119,605</u>	<u>\$3,314,377</u>

General Revenues:
Property Taxes Levied For:
 General Purposes
 Fire and EMS
 Police
 Debt Service
 Street Lighting
Other Local Taxes
Payments in Lieu of Taxes
Municipal Income Taxes Levied For:
 General Purposes
 Street Programs
 Capital Outlay
Grants and Entitlements not
 Restricted to Specific Programs
Investment Earnings
Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,434,356)	\$0	(\$1,434,356)
(\$10,482,883)	0	(10,482,883)
(\$331,879)	0	(331,879)
(\$215,709)	0	(215,709)
(\$411,024)	0	(411,024)
(\$56,381)	0	(56,381)
(\$361,216)	0	(361,216)
(\$216,742)	0	(216,742)
<u>(13,510,190)</u>	<u>0</u>	<u>(13,510,190)</u>
0	789,815	789,815
0	649,381	649,381
0	(48,816)	(48,816)
<u>0</u>	<u>1,390,380</u>	<u>1,390,380</u>
<u>(13,510,190)</u>	<u>1,390,380</u>	<u>(12,119,810)</u>
1,551,379	0	1,551,379
545,417	0	545,417
340,974	0	340,974
114,364	0	114,364
124,253	0	124,253
810,109	0	810,109
332,269	0	332,269
7,759,131	0	7,759,131
1,946,526	0	1,946,526
1,946,525	0	1,946,525
1,890,415	0	1,890,415
135,217	25,838	161,055
501,046	25,429	526,475
<u>17,997,625</u>	<u>51,267</u>	<u>18,048,892</u>
4,487,435	1,441,647	5,929,082
<u>75,609,349</u>	<u>20,374,944</u>	<u>95,984,293</u>
<u>\$80,096,784</u>	<u>\$21,816,591</u>	<u>\$101,913,375</u>

City of Fairborn, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Fire and EMS	Police
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,992,616	\$173,683	\$217,844
Receivables:			
Property Taxes	856,999	2,264,192	2,264,192
Other Local Taxes	94,199	0	0
Municipal Income Taxes	2,772,967	0	0
Revenue in Lieu of Taxes	0	0	0
Interfund	212,639	0	0
Accounts	0	251,191	0
Special Assessments	0	0	0
Accrued Interest	25,522	0	0
Intergovernmental	1,077,519	139,876	144,952
Assets Held for Resale	0	0	0
Materials and Supplies Inventory	13,377	0	12,570
<i>Total Assets</i>	<u>\$8,045,838</u>	<u>\$2,828,942</u>	<u>\$2,639,558</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$209,470	\$37,034	\$5,740
Contracts Payable	0	0	0
Retainage Payable	0	0	0
Interfund Payable	6,155	4,820	11,708
Accrued Wages Payable	133,307	138,158	148,662
Matured Compensated Absences Payable	0	0	2,243
Intergovernmental Payable	149,896	347,103	295,921
Deferred Revenue	3,917,978	2,498,812	2,401,177
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>4,416,806</u>	<u>3,025,927</u>	<u>2,865,451</u>
Fund Balances:			
Nonspendable	46,497	0	12,570
Restricted	0	0	0
Committed	0	0	0
Assigned	171,849	0	0
Unassigned (Deficit)	3,410,686	(196,985)	(238,463)
<i>Total Fund Balances (Deficit)</i>	<u>3,629,032</u>	<u>(196,985)</u>	<u>(225,893)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,045,838</u>	<u>\$2,828,942</u>	<u>\$2,639,558</u>

See accompanying notes to the basic financial statements

County Motor Vehicle Tax	Clean Ohio Revitalization	General Bond Retirement	Tax Increment Financing	Nonmajor Governmental Funds	Total Governmental Funds
\$2,450,881	\$50,000	\$283,373	\$4,377	\$5,469,388	\$11,642,162
0	0	0	0	0	5,385,383
0	0	0	0	24,451	118,650
690,171	0	0	0	690,171	4,153,309
0	0	0	405,634	0	405,634
0	0	0	0	0	212,639
0	0	72,102	0	18,876	342,169
0	0	1,368,399	0	0	1,368,399
0	0	0	0	0	25,522
15,975	890,320	0	0	706,095	2,974,737
0	2,640,251	0	0	664,271	3,304,522
0	0	0	0	95,410	121,357
<u>\$3,157,027</u>	<u>\$3,580,571</u>	<u>\$1,723,874</u>	<u>\$410,011</u>	<u>\$7,668,662</u>	<u>\$30,054,483</u>
\$26,976	\$23,235	\$0	\$0	\$113,528	\$415,983
0	867,085	0	0	36,327	903,412
0	0	0	0	6,422	6,422
0	0	0	0	219,631	242,314
0	0	0	0	36,082	456,209
0	0	0	0	0	2,243
0	0	0	0	32,404	825,324
553,375	865,075	1,440,501	405,634	1,022,997	13,105,549
0	0	0	11,223	2,123	13,346
0	0	0	1,777,704	231,425	2,009,129
<u>580,351</u>	<u>1,755,395</u>	<u>1,440,501</u>	<u>2,194,561</u>	<u>1,700,939</u>	<u>17,979,931</u>
0	2,640,251	0	0	759,681	3,458,999
2,576,676	0	283,373	0	4,210,992	7,071,041
0	0	0	0	491,291	491,291
0	0	0	0	593,902	765,751
0	(815,075)	0	(1,784,550)	(88,143)	287,470
<u>2,576,676</u>	<u>1,825,176</u>	<u>283,373</u>	<u>(1,784,550)</u>	<u>5,967,723</u>	<u>12,074,552</u>
<u>\$3,157,027</u>	<u>\$3,580,571</u>	<u>\$1,723,874</u>	<u>\$410,011</u>	<u>\$7,668,662</u>	<u>\$30,054,483</u>

City of Fairborn, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2011*

Total Governmental Fund Balances \$12,074,552

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital Assets:	
Land	14,171,620
Construction in Progress	130,508
Buildings	19,390,483
Improvements Other Than Buildings	2,151,243
Machinery and Equipment	4,367,336
Vehicles	5,233,641
Infrastructure	70,843,283
Accumulated Depreciation	<u>(49,159,538)</u>

Total 67,128,576

Internal service funds are used by management to charge the costs of equipment repairs and maintenance, information technology services and payments of employee assistance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

Net Assets	613,824	
Capital Assets	(256,854)	
Capital Lease Payable	41,564	
Compensated Absences Payable	56,103	454,637

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity. (242,701)

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.
 Deferred charges 10,657

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	490,983
Municipal Income Taxes	3,330,359
Intergovernmental	2,101,635
Special Assessments	1,368,399
Charges for Services	504,157
Interest	<u>9,982</u>

Total 7,805,515

In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due. (20,247)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Premium on Debt Issued	(84,903)
Notes Payable	(120,000)
General Obligation Bonds	(390,000)
Income Tax Revenue Bonds	(3,585,000)
Special Assessment Bonds	(1,394,000)
Capital Leases Payable	(395,237)
Compensated Absences Payable	<u>(1,145,065)</u>

Total (7,114,205)

Net Assets of Governmental Activities \$80,096,784

See accompanying notes to the basic financial statements



City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Fire and EMS	Police
Revenues:			
Property Taxes	\$1,624,967	\$376,815	\$150,683
Other Local Taxes	715,517	0	0
Municipal Income Taxes	7,720,476	0	0
Revenue in Lieu of Taxes	0	0	0
Fines, Licenses, and Permits	1,137,894	3,015	1,969
Charges for Services	2,886,678	1,803,776	0
Investment Earnings	103,755	0	0
Intergovernmental	1,720,090	70,576	218,970
Special Assessments	0	0	0
Contributions and Donations	0	0	17,535
Other	220,073	1,411	7,182
<i>Total Revenues</i>	<u>16,129,450</u>	<u>2,255,593</u>	<u>396,339</u>
Expenditures:			
Current:			
General Government	5,755,758	0	0
Public Safety	0	5,654,763	5,670,906
Leisure Time Activities	175,222	0	0
Community Development	663,743	0	0
Transportation and Street Repair	0	0	0
Public Health and Welfare	0	0	0
Capital Outlay	3,500	0	0
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	10,668	5,254	0
Interest and Fiscal Charges	3,100	1,527	0
Issuance Costs	0	0	0
<i>Total Expenditures</i>	<u>6,611,991</u>	<u>5,661,544</u>	<u>5,670,906</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,517,459</u>	<u>(3,405,951)</u>	<u>(5,274,567)</u>
Other Financing Sources (Uses):			
General Obligation Bonds Issued	11,640	0	0
Refunding Notes Issued	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
Transfers-In	65,178	3,502,831	5,394,744
Transfers-Out	(9,579,576)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,502,758)</u>	<u>3,502,831</u>	<u>5,394,744</u>
<i>Net Change in Fund Balances</i>	14,701	96,880	120,177
<i>Fund Balances (Deficit) at Beginning of Year - Restated (See Note 3)</i>	<u>3,614,331</u>	<u>(293,865)</u>	<u>(346,070)</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$3,629,032</u>	<u>(\$196,985)</u>	<u>(\$225,893)</u>

See accompanying notes to the basic financial statements

County Motor Vehicle Tax	Clean Ohio Revitalization	General Bond Retirement	Tax Increment Financing	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$0	\$125,967	\$0	\$137,487	\$2,415,919
0	0	0	0	94,592	810,109
1,926,966	0	0	0	1,926,965	11,574,407
0	0	0	332,269	0	332,269
0	0	0	0	495,688	1,638,566
0	0	61,397	0	296,423	5,048,274
15,800	0	27,504	0	21,530	168,589
251,887	1,460,585	15,743	0	2,498,433	6,236,284
0	0	416,412	0	0	416,412
0	0	0	0	29,023	46,558
13,034	0	0	0	259,346	501,046
<u>2,207,687</u>	<u>1,460,585</u>	<u>647,023</u>	<u>332,269</u>	<u>5,759,487</u>	<u>29,188,433</u>
0	621,610	33,757	11,963	602,839	7,025,927
0	0	0	0	1,053,981	12,379,650
0	0	0	0	26,370	201,592
0	0	0	0	423,600	1,087,343
705,887	0	0	0	1,057,977	1,763,864
0	0	0	0	95,111	95,111
1,236,937	0	0	0	459,481	1,699,918
0	0	0	216,742	0	216,742
0	0	513,000	0	1,949,981	2,478,903
0	0	118,154	25,522	236,173	384,476
0	0	0	0	11,510	11,510
<u>1,942,824</u>	<u>621,610</u>	<u>664,911</u>	<u>254,227</u>	<u>5,917,023</u>	<u>27,345,036</u>
<u>264,863</u>	<u>838,975</u>	<u>(17,888)</u>	<u>78,042</u>	<u>(157,536)</u>	<u>1,843,397</u>
0	0	3,570	0	304,790	320,000
0	0	0	0	120,000	120,000
0	0	0	0	22,279	22,279
0	0	0	0	682,001	9,644,754
0	0	0	0	(65,178)	(9,644,754)
<u>0</u>	<u>0</u>	<u>3,570</u>	<u>0</u>	<u>1,063,892</u>	<u>462,279</u>
264,863	838,975	(14,318)	78,042	906,356	2,305,676
2,311,813	986,201	297,691	(1,862,592)	5,061,367	9,768,876
<u>\$2,576,676</u>	<u>\$1,825,176</u>	<u>\$283,373</u>	<u>(\$1,784,550)</u>	<u>\$5,967,723</u>	<u>\$12,074,552</u>



City of Fairborn, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Total Governmental Funds \$2,305,676

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,767,924	
Depreciation	(3,239,110)	
Excess of Capital Outlay and Capital Contributions over Depreciation Expense		(1,471,186)

Capital assets donated by developers: 568,540

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from Sale of Fixed Assets	(22,279)	
Loss on Disposal of Capital Assets	(83,791)	
		(106,070)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Notes Payable	710,000	
General Obligation Bonds	180,000	
Income Tax Revenue Bonds	1,105,000	
Special Assessment Bonds	363,000	
Capital Leases Payable	132,027	
		2,490,027

The Internal Service Funds used by management to charge the costs of equipment repairs and to individual funds, is reported in the Statement of Activities. The net gain of the internal service funds is reported with governmental activities, net of the adjustment to reflect the consolidation of internal service fund activities related to business-type activities.

Change in Net Assets	(181,191)	
Capital Assets	122,475	
Compensated Absences	12,745	
Capital Lease Payable	(11,124)	
		(57,095)

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	260,468	
Municipal Income Taxes	77,775	
Investment Earnings	2,464	
Charges for Services	(411,800)	
Intergovernmental	1,345,520	
Special Assessments	(43,000)	
		1,231,427

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Special Assessment Bonds	(320,000)	
Refunding Notes	(120,000)	
		(\$440,000)

City of Fairborn, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011
(Continued)*

In the Statement of Activities, interest accrued on outstanding issuance costs are recongnized as an expenditure in the funds when it is due and bond premiums are amortized over the terms of the bonds, whereas in the governmental funds the revenue/expenditure is reported when the bonds are issued. Interest expense is recognized as the interest accrues, regardless of when it is due.

Accrued Interest	(1,559)	
Amortization of Premium on General Obligation Bond	28,263	
Amortization of Bond Issuance Costs	<u>(1,705)</u>	\$24,999

In the Statement of Activities, bond issuance costs are amoritized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when the bonds are issued. 11,510

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in Compensated Absences	(63,283)	
Grants Canceled	<u>(7,110)</u>	<u>(70,393)</u>

Change in Net Assets of Governmental Activities \$4,487,435

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$1,708,000	\$1,633,806	\$1,624,967	(\$8,839)
Other Local Taxes	703,590	688,000	711,575	23,575
Municipal Income Taxes	7,910,747	7,735,465	7,742,429	6,964
Fines, Licenses and Permits	1,184,547	1,158,300	1,161,685	3,385
Charges for Services	2,969,200	2,903,410	2,886,678	(16,732)
Investment Earnings	79,870	78,100	78,714	614
Intergovernmental	1,852,924	1,811,868	1,776,454	(35,414)
Other	95,107	93,000	110,211	17,211
<i>Total Revenues</i>	<u>16,503,985</u>	<u>16,101,949</u>	<u>16,092,713</u>	<u>(9,236)</u>
Expenditures:				
Current:				
General Government	5,433,642	6,119,779	5,872,163	247,616
Leisure Time Activities	211,303	199,399	183,887	15,512
Community Development	685,837	692,205	678,449	13,756
Capital Outlay	3,527	9,701	9,201	500
<i>Total Expenditures</i>	<u>6,334,309</u>	<u>7,021,084</u>	<u>6,743,700</u>	<u>277,384</u>
<i>Excess of Revenues Over Expenditures</i>	<u>10,169,676</u>	<u>9,080,865</u>	<u>9,349,013</u>	<u>268,148</u>
Other Financing Uses:				
Bonds Issued	0	11,640	11,640	0
Transfers-In	0	65,178	65,178	0
Advances-In	0	248,668	248,218	(450)
Advances-Out	0	(373,110)	(360,107)	13,003
Transfers-Out	(10,734,054)	(9,581,576)	(9,579,576)	2,000
<i>Total Other Financing Uses</i>	<u>(10,734,054)</u>	<u>(9,629,200)</u>	<u>(9,614,647)</u>	<u>14,553</u>
<i>Net Change in Fund Balance</i>	(564,378)	(548,335)	(265,634)	282,701
<i>Fund Balance at Beginning of Year</i>	3,923,284	2,563,735	2,563,735	0
<i>Prior Year Encumbrances Appropriated</i>	<u>233,541</u>	<u>299,338</u>	<u>299,338</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$3,592,447</u>	<u>\$2,314,738</u>	<u>\$2,597,439</u>	<u>\$282,701</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire and EMS Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$236,000	\$376,389	\$376,815	\$426
Fines, Licenses and Permits	1,283	1,200	3,015	1,815
Charges for Services	1,843,483	1,724,729	1,754,887	30,158
Intergovernmental	75,488	70,625	70,576	(49)
Other	0	0	1,411	1,411
<i>Total Revenues</i>	<u>2,156,254</u>	<u>2,172,943</u>	<u>2,206,704</u>	<u>33,761</u>
Expenditures:				
Current:				
Public Safety	6,023,291	5,773,938	5,736,798	37,140
Capital Outlay	0	1,500	1,500	0
<i>Total Expenditures</i>	<u>6,023,291</u>	<u>5,775,438</u>	<u>5,738,298</u>	<u>37,140</u>
<i>Excess of Revenues Under Expenditures</i>	(3,867,037)	(3,602,495)	(3,531,594)	70,901
Other Financing Sources:				
Transfers-In	<u>3,744,013</u>	<u>3,502,831</u>	<u>3,502,831</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(123,024)	(99,664)	(28,763)	70,901
<i>Fund Balance at Beginning of Year</i>	1,806	1,806	1,806	0
<i>Prior Year Encumbrances Appropriated</i>	<u>123,025</u>	<u>123,025</u>	<u>123,025</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,807</u>	<u>\$25,167</u>	<u>\$96,068</u>	<u>\$70,901</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$160,000	\$152,613	\$150,683	(\$1,930)
Fines, Licenses and Permits	1,882	1,750	1,620	(130)
Intergovernmental	199,776	185,785	217,886	32,101
Contributions and Donations	0	0	17,535	17,535
Other	6,559	6,100	7,182	1,082
<i>Total Revenues</i>	<u>368,217</u>	<u>346,248</u>	<u>394,906</u>	<u>48,658</u>
Expenditures:				
Current:				
Public Safety	6,169,212	5,773,790	5,715,380	58,410
Capital Outlay	0	3,400	3,340	60
<i>Total Expenditures</i>	<u>6,169,212</u>	<u>5,777,190</u>	<u>5,718,720</u>	<u>58,470</u>
<i>Excess of Revenues Under Expenditures</i>	(5,800,995)	(5,430,942)	(5,323,814)	107,128
Other Financing Sources:				
Transfers-In	5,900,995	5,394,744	5,394,744	0
<i>Net Change in Fund Balance</i>	100,000	(36,198)	70,930	107,128
<i>Fund Balance at Beginning of Year</i>	21,010	21,010	21,010	0
<i>Prior Year Encumbrances Appropriated</i>	<u>87,533</u>	<u>87,533</u>	<u>87,533</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$208,543</u>	<u>\$72,345</u>	<u>\$179,473</u>	<u>\$107,128</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
County Motor Vehicle Tax Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal Income Taxes	\$1,856,257	\$1,874,991	\$1,932,423	\$57,432
Investment Earnings	9,900	10,000	15,800	5,800
Intergovernmental	399,963	404,000	251,706	(152,294)
Other	12,870	13,000	13,034	34
<i>Total Revenues</i>	<u>2,278,990</u>	<u>2,301,991</u>	<u>2,212,963</u>	<u>(89,028)</u>
Expenditures:				
Current:				
Transportation and Street Repair	190,039	254,367	214,742	39,625
Capital Outlay	2,694,086	4,139,587	3,044,289	1,095,298
<i>Total Expenditures</i>	<u>2,884,125</u>	<u>4,393,954</u>	<u>3,259,031</u>	<u>1,134,923</u>
<i>Net Change in Fund Balance</i>	(605,135)	(2,091,963)	(1,046,068)	1,045,895
<i>Fund Balance at Beginning of Year</i>	1,319,927	1,319,927	1,319,927	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,593,694</u>	<u>1,593,691</u>	<u>1,593,691</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,308,486</u>	<u>\$821,655</u>	<u>\$1,867,550</u>	<u>\$1,045,895</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Clean Ohio Revitalization Fund
For the Year Ended December 31, 2011

	Original	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$2,321,990	\$1,281,364	\$1,675,978	\$394,614
Expenditures:				
Current:				
General Government	3,112,218	1,625,978	1,625,978	0
<i>Net Change in Fund Balance</i>	(790,228)	(344,614)	50,000	394,614
<i>Fund Balance (Deficit) at Beginning of Year</i>	(394,614)	(394,614)	(394,614)	0
<i>Prior Year Encumbrances Appropriated</i>	394,614	394,614	394,614	0
<i>Fund Balance at End of Year</i>	<u>(\$790,228)</u>	<u>(\$344,614)</u>	<u>\$50,000</u>	<u>\$394,614</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Assets:					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,575,177	\$4,694,499	\$628,817	\$10,898,493	\$396,261
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	70,210	70,210	70,210	210,630	0
Accounts Receivable	268,230	539,394	272,449	1,080,073	0
Interfund Receivable	0	0	0	0	36,248
Materials and Supplies Inventory	182,372	59,994	0	242,366	109,470
Special Assessments Receivable	0	115,000	0	115,000	0
<i>Total Current Assets</i>	<u>6,095,989</u>	<u>5,479,097</u>	<u>971,476</u>	<u>12,546,562</u>	<u>541,979</u>
Non-current Assets					
Deferred Charges	0	136,173	0	136,173	0
Nondepreciable Capital Assets	1,104,028	327,986	0	1,432,014	0
Depreciable Capital Assets, Net	6,651,804	17,969,280	137,931	24,759,015	256,854
<i>Total Non-current Assets</i>	<u>7,755,832</u>	<u>18,433,439</u>	<u>137,931</u>	<u>26,327,202</u>	<u>256,854</u>
<i>Total Assets</i>	<u>13,851,821</u>	<u>23,912,536</u>	<u>1,109,407</u>	<u>38,873,764</u>	<u>798,833</u>
Liabilities:					
Current Liabilities					
Accounts Payable	43,678	110,850	150,519	305,047	45,913
Contracts Payable	0	18,916	0	18,916	0
Accrued Wages Payable	0	40,257	3,645	43,902	19,631
Compensated Absences Payable	44,103	70,072	4,066	118,241	41,363
Intergovernmental Payable	32,587	43,813	2,590	78,990	21,798
Refundable Deposits	70,210	70,210	70,210	210,630	0
Interfund Payable	3,367	1,818	1,388	6,573	0
Accrued Interest Payable	62,441	31,164	0	93,605	0
General Obligation Bonds Payable	52,650	87,350	0	140,000	0
Landfill Postclosure Costs Payable	0	0	30,990	30,990	0
Capital Lease Payable	525	52,188	0	52,713	5,792
Special Assessment Bonds Payable	0	5,000	0	5,000	0
OPWC Loans Payable	16,686	0	0	16,686	0
OWDA Loans Payable	0	349,343	0	349,343	0
<i>Total Current Liabilities</i>	<u>\$326,247</u>	<u>\$880,981</u>	<u>\$263,408</u>	<u>\$1,470,636</u>	<u>\$134,497</u>

(continued)

City of Fairborn, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011
(Continued)

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Long-Term Liabilities					
Notes Payable	\$5,577,000	\$0	\$0	\$5,577,000	\$0
General Obligation Bonds Payable	832,650	8,684,618	0	9,517,268	0
Special Assessment Bonds Payable	0	110,000	0	110,000	0
OPWC Loans Payable	58,400	0	0	58,400	0
OWDA Loans Payable	0	144,178	0	144,178	0
Landfill Postclosure Costs Payable	0	0	185,940	185,940	0
Capital Lease Payable	3,245	168,786	0	172,031	35,772
Compensated Absences Payable	32,270	31,954	197	64,421	14,740
<i>Total Long-Term Liabilities</i>	<u>6,503,565</u>	<u>9,139,536</u>	<u>186,137</u>	<u>15,829,238</u>	<u>50,512</u>
<i>Total Liabilities</i>	<u>6,829,812</u>	<u>10,020,517</u>	<u>449,545</u>	<u>17,299,874</u>	<u>185,009</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	3,708,692	8,931,976	137,931	12,778,599	215,290
Unrestricted	3,313,317	4,960,043	521,931	8,795,291	398,534
<i>Total Net Assets</i>	<u>\$7,022,009</u>	<u>\$13,892,019</u>	<u>\$659,862</u>	<u>21,573,890</u>	<u>\$613,824</u>
Net assets reported for business-type activities in the statement of net assets are different because they include a proportionate share of the balance of the internal service fund.				<u>242,701</u>	
Net assets of Business-Type Activities				<u>\$21,816,591</u>	

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Operating Revenues:					
Charges for Services	\$3,957,558	\$5,936,952	\$2,502,118	\$12,396,628	\$1,689,995
Other	18,796	6,633	0	25,429	2,937
<i>Total Operating Revenues</i>	<u>3,976,354</u>	<u>5,943,585</u>	<u>2,502,118</u>	<u>12,422,057</u>	<u>1,692,932</u>
Operating Expenses:					
Personal Services	1,035,098	1,411,124	100,975	2,547,197	672,495
Contractual Services	1,178,221	2,035,627	2,385,611	5,599,459	161,403
Materials and Supplies	170,914	223,323	24,503	418,740	843,334
Depreciation	712,574	1,012,739	42,975	1,768,288	36,752
<i>Total Operating Expenses</i>	<u>3,096,807</u>	<u>4,682,813</u>	<u>2,554,064</u>	<u>10,333,684</u>	<u>1,713,984</u>
<i>Operating Income (Loss)</i>	<u>879,547</u>	<u>1,260,772</u>	<u>(51,946)</u>	<u>2,088,373</u>	<u>(21,052)</u>
Non-Operating Revenues (Expenses):					
Investment Earnings	17,566	8,272	0	25,838	1,494
Interest and Fiscal Charges	(118,429)	(363,860)	0	(482,289)	(1,739)
Loss on Disposal of Capital Assets	0	(295,005)	0	(295,005)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(100,863)</u>	<u>(650,593)</u>	<u>0</u>	<u>(751,456)</u>	<u>(245)</u>
<i>Income (Loss) Before Capital Contributions, Special Assessments and Transfers</i>	778,684	610,179	(51,946)	1,336,917	(21,297)
Capital Contributions	43,300	41,315	0	84,615	0
Special Assesments	0	5,550	0	5,550	0
Transfers - Out	0	0	0	0	(145,329)
<i>Change in Net Assets</i>	821,984	657,044	(51,946)	1,427,082	(166,626)
<i>Net Assets at Beginning of Year</i>	<u>6,200,025</u>	<u>13,234,975</u>	<u>711,808</u>		<u>780,450</u>
<i>Net Assets at End of Year</i>	<u>\$7,022,009</u>	<u>\$13,892,019</u>	<u>\$659,862</u>		<u>\$613,824</u>
<i>Adjustments to reflect the consolidation of Internal Service Funds' activity related to Enterprise Funds</i>				<u>14,565</u>	
<i>Change in net assets of business-type activites</i>				<u>\$1,441,647</u>	

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received From Customers	\$4,023,684	\$5,965,145	\$2,534,196	\$12,523,025	\$0
Cash Received From Interfund Services Provided	0	0	0	0	1,680,753
Cash Received From Other Operating Revenues	18,796	6,633	0	25,429	2,937
Cash Payments for Employee Services and Benefits	(1,057,501)	(1,442,671)	(101,654)	(2,601,826)	(660,479)
Cash Payments to Suppliers	(1,372,491)	(2,273,553)	(2,558,213)	(6,204,257)	(1,047,904)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,612,488</u>	<u>2,255,554</u>	<u>(125,671)</u>	<u>3,742,371</u>	<u>(24,693)</u>
Cash Flows From for Capital and Related Financing Activities:					
Cash Received from Special Assessments	0	10,240	0	10,240	0
Acquisition of Capital Assets	(1,157,660)	(341,399)	0	(1,499,059)	(59,606)
Bond Proceeds	0	0	0	0	0
Bond Discount	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
Note Proceeds	5,577,000	0	0	5,577,000	0
Notes Principal Payments	(4,057,000)	0	0	(4,057,000)	0
Notes Interest Payments	(24,179)	0	0	(24,179)	0
General Obligation Bond Principal Payments	(380,150)	(529,850)	0	(910,000)	0
General Obligation Bond Interest Payments	(68,883)	(389,096)	0	(457,979)	0
Special Assessment Bond Principal Payments	0	(5,000)	0	(5,000)	0
Special Assessment Bond Interest Payments	0	(5,240)	0	(5,240)	0
Loans Payable Principal Payments	(16,686)	(333,750)	0	(350,436)	0
Loans Payable Interest Payments	0	(33,377)	0	(33,377)	0
Capital Lease Principal Payments	(507)	(60,597)	0	(61,104)	(11,124)
Capital Lease Interest Payments	(147)	(8,409)	0	(8,556)	(1,739)
Capital Contributions by Customers	43,300	41,315	0	84,615	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(84,912)</u>	<u>(1,655,163)</u>	<u>0</u>	<u>(1,740,075)</u>	<u>(72,469)</u>
Cash Flows from Investing Activities:					
Interest	17,566	8,582	0	26,148	1,494
<i>Net Increase in Cash and Cash Equivalents</i>	1,545,142	608,973	(125,671)	2,028,444	(95,668)
<i>Cash and Cash Equivalents at Beginning of Year</i>	4,100,245	4,155,736	824,698	9,080,679	491,929
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$5,645,387</u>	<u>\$4,764,709</u>	<u>\$699,027</u>	<u>\$11,109,123</u>	<u>\$396,261</u>

(continued)

City of Fairborn, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011
(Continued)

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Sanitation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$879,547	\$1,260,772	(\$51,946)	\$2,088,373	(\$21,052)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	712,574	1,012,739	42,975	1,768,288	36,752
Landfill Closure and Postclosure Costs	0	0	(96,470)	(96,470)	0
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	38,810	877	4,762	44,449	0
(Increase) Decrease in Materials and Supplies Inventory	1,473	(12,163)	0	(10,690)	(3,107)
Decrease in Interfund Receivable	0	0	0	0	(9,440)
Increase (Decrease) in Accounts Payable	(81)	2,658	(28,011)	(25,434)	(39,822)
Decrease in Contracts Payable	0	18,916	0	18,916	0
Increase (Decrease) in Accrued Wages Payable	(29,210)	(1,287)	(1,424)	(31,921)	2,163
Decrease in Intergovernmental Payable	(1,676)	(7,449)	(981)	(10,106)	(2,932)
Increase (Decrease) in Matured Compensated Absences Payable	8,302	0	(384)	7,918	0
Increase in Refundable Deposits Payable	2,492	2,492	2,492	7,476	0
Increase in Interfund Payable	257	945	1,206	2,408	0
Increase (Decrease) in Compensated Absences Payable	0	(22,946)	2,110	(20,836)	12,745
Net Cash Provided by (Used for) Operating Activities	<u>\$1,612,488</u>	<u>\$2,255,554</u>	<u>(\$125,671)</u>	<u>\$3,742,371</u>	<u>(\$24,693)</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2011

Assets:	
Cash and Cash Equivalents in Segregated Accounts	<u><u>\$250,504</u></u>
Liabilities:	
Undistributed Monies	<u><u>\$250,504</u></u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Fairborn (the "City") is a home rule municipal corporation created under the laws of the State of Ohio which operates under its own charter. A charter was first adopted by the electors of the Village of Osborn at the general election held in November 1946, effective January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to name the newly created entity the Village of Fairborn, effective January 1, 1950. The Village of Fairborn became a city on August 20, 1951. The current charter was first adopted by the electorate on November 2, 1971.

The municipal government provided by the charter is known as a council-manager form of government. Elected officials include six City Council members and a mayor. The Council appoints a city manager who executes the laws and administers the government of the City. The city manager appoints all the department managers of the City.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City's legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services, sewer services and postclosure care of a landfill. Council and the city manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has no component units.

The City participates in the Miami Valley Regional Planning Commission, the Regional Emergency Response Team, the Greene County Agencies for Combined Enforcement, the Community Improvement Corporation of Fairborn, and the Greene County Regional Planning and Coordination Commission which are defined as jointly governed organizations. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. The City is also associated with the Public Entities Pool of Ohio (PEP) which is defined as a risk-sharing pool. These organizations are presented in Notes 22 and 23.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Fairborn have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities or enterprise funds. The more significant of the City's accounting policies are described below.

Basis of Presentation

The City's Basic Financial Statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government except for the Agency Fund. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the City.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary Funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Fire and EMS Fund – The Fire and EMS Fund accounts for and reports a City-wide property tax levy that is restricted for the cost of operating the fire and EMS departments as well as charges for services, related intergovernmental revenue, and transfers from the General Fund.

Police Fund – The Police Fund accounts for and reports the .30 mills of inside millage that is restricted for the cost of police pension payments as well as related intergovernmental revenues, and transfers from the General Fund.

County Motor Vehicle Tax Fund – The County Motor Vehicle Tax Fund accounts for and reports municipal income taxes restricted for street projects and permissive license taxes received from the Greene County for street projects approved by the County Engineer.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Clean Ohio Revitalization Fund – The Clean Ohio Revitalization Fund accounts for and reports restricted State grant money for activities associated with the environmental remediation of property.

General Bond Retirement Fund – The General Bond Retirement Fund accounts for and reports the accumulation of restricted resources for, and the payment of, general long-term and special assessment debt principal and interest.

Tax Increment Financing Fund – The Tax Increment Financing Fund accounts for and reports restricted revenue received from payments in lieu of taxes from area businesses that are within tax increment financing districts, which are used for capital infrastructure improvements or pay for associated debt on past capital improvements within the designated area as well as reimbursing local school districts for a portion of the taxes lost as a result of the exemptions.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned for a particular purpose.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector that focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are enterprise and internal service funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund – The Water Fund is used to account for the operation of the City's water service.

Sewer Fund – The Sewer Fund is used to account for the operation of the City's sanitary sewer system.

Sanitation Fund – The Sanitation Fund is used to account for the operation of the City's refuse collection system.

Internal Service Funds – Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on vehicle and equipment maintenance services, information technology services, and employee assistance programs associated with employee health and benefits.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund which is used to account for monies that flow through the clerk of courts' office.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the proprietary funds and agency fund also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied (See Notes 6 and 8). Revenue from municipal income taxes is recognized in the year in which the exchange on which the tax is imposed takes place (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues, fines and forfeitures, and grants (including motor vehicle license tax, gasoline tax, and local government assistance).

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes and revenue in lieu of taxes for which there is an enforceable legal claim as of December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

The City's Municipal Court has its own checking accounts for the collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

During 2011, the City invested in federal agency securities, First American Government Obligations Money Market Mutual Fund, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2011.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2011 amounted to \$103,755, which includes \$92,687 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets Held for Resale

Assets held for resale represent properties purchased by the City which will be sold after beautification has been completed, and also a property donated to the City and leased to Wright State University after completion of pollution remediation.

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable” and “Interfund Payable.” Interfund balances are eliminated on the government-wide Statement of Net Assets except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

Materials and Supplies Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents which have been set aside for the repayment of deposits to water, sewer and sanitation customers.

Capital Assets

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets, but are not reported in the governmental fund financial statements. Internal service funds that are considered governmental activities report their capital assets in their fund financial statements as well as in the governmental activities column of the government-wide Statement of Net Assets. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-45 years
Improvements Other Than Buildings	10-20 years
Machinery and Equipment	5-15 years
Vehicles	6-20 years
Infrastructure	8-100 years

The City's infrastructure system consists of streets, curbs, gutters, sidewalks, street lights, bridges, a storm water system, and water and sewer lines.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after 20 years of service with the City.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations or retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Bond Discounts, Premiums/Issuance Costs

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the period when the debt is issued. Note premiums are presented as an addition to the face of the notes payable.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Loss on Advance Refunding

On the government wide financial statements (and in the enterprise funds), an advance refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes inventory, unclaimed monies, and assets for resale.

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Council or a City official delegated that authority by City charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transactions/Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation, information technology services, employee assistance programs, and for repair and maintenance of City vehicles and equipment. Operating expenses are the necessary costs incurred to provide the services that are the primary activities of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Contributions of Capital

Contributions of capital arise from outside contributions of capital assets and grants, or outside contributions of resources restricted to capital acquisition and construction or transfers of governmental capital assets financed by governmental funds to enterprise funds.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

All funds, other than the Agency Fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the object level (personal services, contractual services, materials and supplies, etc.) within each department and fund. Budgetary modifications may only be made by resolution of Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Change in Accounting Principles

During 2011, the City has implemented *Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions"* and *Governmental Accounting Standards Board (GASB) No. 59, "Financial Omnibus"*.

GASB Statement No. 54 establishes fund balance classification that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. It requires fund balance to be classified as nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The implementation of this statement resulted in the reclassification of a certain fund and restatement of the City's financial statements.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (continued)

GASB Statement No. 59, “Financial Instruments Omnibus” addresses the changes to several GASB Statements regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of this Statement did not result in any changes to the City’s financial statements.

Restatement of Fund Balance

During 2011, the implementation of GASB Statement No. 54 and had the following effect on fund balances of the major and nonmajor funds and net assets as they were previously reported:

	General Fund	Nonmajor Governmental Fund
	<u> </u>	<u> </u>
Fund Balance at December 31, 2010	\$3,501,276	\$5,174,422
Fund Reclassification	113,055	(113,055)
Adjusted Fund Balance at December 31, 2010	<u>\$3,614,331</u>	<u>\$5,061,367</u>

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) for the General, Fire and EMS, Police, County Motor Vehicle Tax, and Clean Ohio Revitalization Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balances (GAAP basis).
4. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

5. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.
6. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
7. Budgetary revenues and expenditures of the Uninsured Loss Special Revenue Fund is classified to the General Fund for GAAP Reporting.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Net Change in Fund Balance				
	General	Fire and EMS	Police	County Motor Vehicle	Clean Ohio Revitalization
GAAP Basis	\$14,701	\$96,880	\$120,177	\$264,863	\$838,975
Revenue Accruals	50,938	(48,890)	(1,433)	5,276	215,393
Expenditure Accruals	(70,561)	862	(9,443)	(732,876)	(1,004,368)
Encumbrances	(182,239)	(77,615)	(38,371)	(583,331)	0
Change in Fair Value of Investments - 2011	12,433	0	0	0	0
Change in Fair Value of Investments - 2010	(7,583)	0	0	0	0
Agency Fund Allocation - 2011	(59,866)	0	0	0	0
Agency Fund Allocation - 2010	77,203	0	0	0	0
Excess of revenues under expenditures for Uninsured Loss Fund	11,229	0	0	0	0
Advances	(111,889)	0	0	0	0
Budget Basis	<u>(\$265,634)</u>	<u>(\$28,763)</u>	<u>\$70,930</u>	<u>(\$1,046,068)</u>	<u>\$50,000</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

The City is a charter City and has adopted an investment policy through City ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories, active deposits, inactive deposits, and interim deposits.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's Treasury. Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Inactive deposits are public deposits that the Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the City may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

3. Obligations of the City.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Investments

As of December 31, 2011, the City had the following investments:

	Fair Value	Maturity Less Than 1 Year	Maturity 2-5 Years	Moody's Rating s	Percent of Total Investments
Federal Home Loan Bank Bonds	\$10,003,090	\$0	\$10,003,090	Aaa	82.43%
Federal Farm Credit Bank Bonds	1,000,480	0	1,000,480	Aaa	8.24%
First American Government Obligations Repurchase Agreement	583,681	583,681	0	Aaa	
STAROhio	548,396	548,396	0	Aaam	
	<u>\$12,135,647</u>	<u>\$1,132,077</u>	<u>\$11,003,570</u>		

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires the portfolio to remain sufficiently liquid to enable the City to meet all operating requirements reasonably anticipated. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five years from the date of purchase. In the alternative, given the prevalence of newly issued investment securities, including callable and structured federal agency securities, in which the repayment of principal is anticipated prior to the stated final maturity date, the City will not directly invest in securities with a projected average life of more than five years from the date of purchase.

Credit Risk

Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy addresses credit risk by stating that credit risk shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The City's investment policy states that no more than 20 percent of the City's investment portfolio will be placed with any particular issuer of commercial paper or other corporate debt excepting funds which are able to be converted into cash within 24 hours of notification to the issuer or the issuer's fiscal agent.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$11.3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$513,212,360
Public Utility Personal	11,439,860
Totals	<u><u>\$524,652,220</u></u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 6 – PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

NOTE 7 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by City Council. In 2011, the proceeds of the City's one percent income tax collections were allocated to the General Fund. However, of the 1/2 percent effective January 1, 2005, 1/4 percent is for fire equipment and facilities and 1/4 percent is for thoroughfare and residential street improvements and was therefore allocated to their respective capital projects funds.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2011, consisted of property taxes, other local taxes, municipal income taxes, revenue in lieu of taxes, interfund, accounts, special assessments, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, revenue in lieu of taxes, and special assessments.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 8 – RECEIVABLES (continued)

Property, income, and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year in the General Bond Retirement Fund amount to \$1,368,399, and in the Sewer Fund the amount is \$115,000. The City has \$131,669 of delinquent special assessments at December 31, 2011.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amount
Local Government	\$974,811
Estate Tax	21,536
Homestead Exemption and Rollbacks	325,353
Tangible Personal Property Tax Reimbursement	26,360
Gasoline Tax	466,569
Motor Vehicle Tax	120,282
CDBG Grant	8,864
Bulletproof Vest Partnership Grant	1,885
VOCA Grant	2,002
Justice Assistance Grant	10,857
EPA Brownfield Grant	2,010
Neighborhood Stabilization	49,864
Clean Ohio Revitalization	888,310
City of Beavercreek	8,923
Home Investment Partnership Grant	59,144
Greene County	7,967
Total Governmental Funds	\$2,974,737

Revenue in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to Fairborn City School District and Greene County Vocational School District since they are impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amount measurable at December 31, 2011 with a corresponding credit to deferred revenue.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 9 – CAPITAL ASSETS

Changes in general capital assets for the year ended December 31, 2011, were as follows:

	<u>Balance At</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At</u> <u>12/31/2011</u>
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$13,954,894	\$216,726	\$0	\$14,171,620
Construction in Progress	198,651	77,186	(145,329)	130,508
Total Capital Assets, Not Being Depreciated	<u>14,153,545</u>	<u>293,912</u>	<u>(145,329)</u>	<u>14,302,128</u>
Depreciable Capital Assets:				
Buildings	19,359,709	30,774	0	19,390,483
Improvements Other Than Buildings	2,113,638	37,605	0	2,151,243
Machinery and Equipment	4,179,799	234,071	(46,534)	4,367,336
Vehicles	5,337,163	20,366	(123,888)	5,233,641
Infrastructure	69,339,994	1,865,066	(361,777)	70,843,283
Total Depreciable Capital Assets	<u>100,330,303</u>	<u>2,187,882</u>	<u>(532,199)</u>	<u>101,985,986</u>
Less Accumulated Depreciation:				
Buildings	(5,326,764)	(463,995)	0	(5,790,759)
Improvements Other Than Buildings	(1,290,901)	(64,639)	0	(1,355,540)
Machinery and Equipment	(2,519,989)	(377,966)	44,034	(2,853,921)
Vehicles	(2,811,922)	(351,254)	101,199	(3,061,977)
Infrastructure	(34,396,981)	(1,981,256)	280,896	(36,097,341)
Total Accumulated Depreciation	<u>(46,346,557)</u>	<u>(3,239,110)</u>	<u>426,129</u>	<u>(49,159,538)</u>
Depreciable Capital Assets, Net	<u>53,983,746</u>	<u>(1,051,228)</u>	<u>(106,070)</u>	<u>52,826,448</u>
Governmental Activities Capital Assets, Net	<u>\$68,137,291</u>	<u>(\$757,316)</u>	<u>(\$251,399)</u>	<u>\$67,128,576</u>

Additions to capital assets being depreciated include \$568,540 in assets donated by developers for the year ended December 31, 2011.

Depreciation expense was charged to governmental programs as follows:

General Government	\$2,280,877
Public Safety	720,865
Leisure Time Activities	151,450
Community Development	20,490
Transportation and Street Repair	64,924
Public Health and Welfare	504
Total Depreciation Expense	<u>\$3,239,110</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 9 – CAPITAL ASSETS (continued)

Capital assets activities of the business-type activities for the year ended December 31, 2011, was as follows:

	<u>Balance At</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At</u> <u>12/31/2011</u>
<u>Business-type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$165,741	\$0	\$0	\$165,741
Construction in Progress	296,300	969,973	0	1,266,273
Total Capital Assets, Not Being Depreciated	<u>462,041</u>	<u>969,973</u>	<u>0</u>	<u>1,432,014</u>
Depreciable Capital Assets				
Buildings	26,005,242	66,941	(956,590)	25,115,593
Improvements Other Than Buildings	1,987,798	0	0	1,987,798
Machinery and Equipment	5,326,815	39,719	(11,965)	5,354,569
Vehicles	1,349,429	59,128	(42,749)	1,365,808
Infrastructure	21,833,009	363,298	0	22,196,307
Total Depreciable Capital Assets	<u>56,502,293</u>	<u>529,086</u>	<u>(1,011,304)</u>	<u>56,020,075</u>
Less Accumulated Depreciation:				
Buildings	(8,159,497)	(640,791)	663,010	(8,137,278)
Improvements Other Than Buildings	(1,239,884)	(189,563)	0	(1,429,447)
Machinery and Equipment	(4,801,387)	(112,808)	11,965	(4,902,230)
Vehicles	(649,042)	(205,403)	41,324	(813,121)
Infrastructure	(15,359,261)	(619,723)	0	(15,978,984)
Total Accumulated Depreciation	<u>(30,209,071)</u>	<u>(1,768,288)</u>	<u>716,299</u>	<u>(31,261,060)</u>
Depreciable Capital Assets, Net	<u>26,293,222</u>	<u>(1,239,202)</u>	<u>(295,005)</u>	<u>24,759,015</u>
Business-type Activities Capital Assets, Net	<u>\$26,755,263</u>	<u>(\$269,229)</u>	<u>(\$295,005)</u>	<u>\$26,191,029</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$648,899, \$758,605, and \$664,699, respectively. For 2011, 85.53 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$23,410 made by the City and \$16,721 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$380,551 and \$607,331 for the year ended December 31, 2011, \$428,028 and \$683,983 for the year ended December 31, 2010, and \$396,273 and \$671,572 for the year ended December 31, 2009, respectively. For 2011, 65.44 percent for police and 68.56 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 11 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$287,516, \$421,447, and \$430,100, respectively. For 2011, 85.53 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$201,468 and \$237,651 for the year ended December 31, 2011, \$226,603 and \$267,645 for the year ended December 31, 2010, and \$209,791 and \$262,789 for the year ended December 31, 2009. For 2011, 65.44 percent has been contributed for police and 68.56 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Compensated Absences

All full-time City employees earn vacation at varying rates based upon the employee's years of service. Employees are allowed to carry over up to two years of accumulated vacation. Upon separation from the City, the employee (or his estate) with six months or more of service, receives accumulated, unused vacation up to an allowable maximum ranging from one year to two years of accrual. Most City employees earn sick leave at a rate of 1.25 days per month of work completed. Firefighters earn sick leave at a rate of 1.76 days per month of work completed. Upon retirement, eligible employees will be compensated for their accumulated sick leave at a maximum rate of one-third of the balance provided they meet minimum accumulated sick leave hours ranging from 480 to 720 hours and do not exceed varying maximums ranging from 1,200 to 1,800 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

Medical, Dental and Life Insurance Benefits

The City provides medical, dental and life insurance benefits for all employees regularly scheduled to work 30 hours or more per week. On an annual basis, the City reviews health insurance options and determines the level of coverage offered, insurance carrier and plan. Currently, all employees can select either a single or family United Healthcare (UHC) health savings account (HSA). The City provides a portion of the HSA annual deductible amount on behalf of the employee; currently \$1,500 for single plans and \$3,000 for family plans.

The City also provides life insurance through Anthem Life in the amount of \$50,000 for nonunion, FOP and IAFF personnel. The City provides, through the Ohio AFSCME Care Plan, life insurance, accidental death and dismemberment, vision and hearing aid insurance for AFSCME personnel. Life insurance through the AFSCME Care Plan is based on their hourly wage with a minimum and maximum of \$14,000 and \$26,000, respectively.

The City also provides, through the Ohio AFSCME Care Plan, dental insurance for AFSCME, FOP and IAFF personnel. Dental Insurance for non-union personnel is provided by Superior Dental.

NOTE 13 – SHORT-TERM OBLIGATIONS

Changes in short-term obligations during 2011 were as follows:

<u>Types/Issues</u>	<u>Balance at 12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/2011</u>
<u>Governmental Activities</u>				
2.50 -2. 75% - Commerce Boulevard Extension Tax				
Increment Financing Bond Anticipation Note	\$1,544,000	\$1,510,000	\$1,544,000	\$1,510,000
Premium	11,429	11,178	11,429	11,178
2.25 - 2.75% - Police Dispatch Bond Anticipation Note	135,000	110,000	135,000	110,000
Premium	0	1,425	0	1,425
2.25 - 2.75% - Roadway Improvement Tax Increment				
Financing Bond Anticipation Note	105,000	59,000	105,000	59,000
Premium	0	764	0	764
2.00 - 3.76% - Roadway Improvement Tax Increment				
Financing Bond Anticipation Note	196,762	196,762	196,762	196,762
Premium	972	0	972	0
1.5% - Various Purpose Curb and Sidewalk Bond				
Anticipation Note	0	120,000	0	120,000
Total Governmental Funds	<u>\$1,993,163</u>	<u>\$2,009,129</u>	<u>\$1,993,163</u>	<u>\$2,009,129</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – SHORT-TERM OBLIGATIONS (continued)

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and mature within one year. The liability for the notes is presented in the fund that received the note proceeds.

NOTE 14 – LONG-TERM OBLIGATIONS

The summary of changes in long-term obligations of the governmental activities of the City during 2011 follows:

Types/Issues	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Due Within One Year
<u>Notes Payable:</u>					
2010 1.25% - Special Assessment Various Purpose Bond Anticipation - \$4,767,000	\$710,000	\$0	\$710,000	\$0	\$0
2011 1.50% Various Purpose Curb and Sidewalk Bond Anticipation Notes - \$240,000	0	120,000	0	120,000	0
Total Notes Payable	<u>\$710,000</u>	<u>\$120,000</u>	<u>\$710,000</u>	<u>\$120,000</u>	<u>\$0</u>
<u>Voted General Obligation Bonds:</u>					
2001 3.00 to 4.20% Fairborn Library Refunding \$1,370,000	145,000	0	145,000	0	0
<u>Unvoted General Obligation Bonds:</u>					
2003 3.50 to 4.75% Municipal Court Building Renovations \$455,000	340,000	0	20,000	320,000	20,000
2004 2.00 to 3.50% Municipal Building \$100,000	40,000	0	10,000	30,000	10,000
2010 2.00 to 2.25% Curb and Sidewalk \$45,000 Premium	45,000	0	5,000	40,000	10,000
	583	0	117	466	0
Total Unvoted General Obligation Bonds	<u>425,583</u>	<u>0</u>	<u>35,117</u>	<u>390,466</u>	<u>40,000</u>
Total General Obligation Bonds	<u>570,583</u>	<u>0</u>	<u>180,117</u>	<u>390,466</u>	<u>40,000</u>
<u>Income Tax Revenue Bonds:</u>					
2005 3.00 to 4.50% Income Tax \$10,000,000 Premium	4,690,000	0	1,105,000	3,585,000	1,145,000
	112,583	0	28,146	84,437	0
Total Income Tax Revenue Bonds	<u>\$4,802,583</u>	<u>\$0</u>	<u>\$1,133,146</u>	<u>\$3,669,437</u>	<u>\$1,145,000</u>

(continued)

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Due Within One Year
<u>Special Assessment Bonds with</u>					
<u>Governmental Commitment:</u>					
1998 5.15% Commerce Center/					
Channingway \$1,160,000	\$610,000	\$0	\$60,000	\$550,000	\$65,000
2003 4.00 to 8.30% Dayton - Yellow Spring					
Improvement \$305,000	232,000	0	13,000	219,000	14,000
2006 4.00% Curb and Sidewalk \$505,000	110,000	0	110,000	0	0
2007 4.00% Curb and Sidewalk \$465,000	200,000	0	100,000	100,000	100,000
2008 3.75% Curb and Sidewalk \$280,000	175,000	0	55,000	120,000	60,000
2009 3.75% Curb and Sidewalk \$135,000	110,000	0	25,000	85,000	25,000
2011 3.00% Curb and Sidewalk \$320,000	0	320,000	0	320,000	60,000
Total Speical Assessment Bonds	<u>1,437,000</u>	<u>320,000</u>	<u>363,000</u>	<u>1,394,000</u>	<u>324,000</u>
<u>Other Long-Term Obligations:</u>					
Capital Leases Payable	527,264	0	132,027	395,237	132,362
Compensated Absences Payable	1,081,782	921,137	857,854	1,145,065	834,596
Total Other Long-Term Obligations	<u>1,609,046</u>	<u>921,137</u>	<u>989,881</u>	<u>1,540,302</u>	<u>966,958</u>
Total Governmental Activities	<u>\$9,129,212</u>	<u>\$1,361,137</u>	<u>\$3,376,144</u>	<u>\$7,114,205</u>	<u>\$2,475,958</u>

The 2010 Special Assessment Various Purpose Bond Anticipation Note was issued on April 20, 2010, in the amount of \$710,000 for the purpose of constructing and repairing curbs, sidewalks and driveway approaches. The note was issued at a 1.25 percent interest rate and reached maturity on April 19, 2011. This note was refinanced prior to the issuance of the 2010 statements. The note will be paid through the Special Assessment Construction Capital Projects Fund.

The 2011 Curb and Sidewalk Bond Anticipation Notes were issued in April 2011, in the amount of \$240,000 for the purpose of constructing and repairing curbs, sidewalks and driveway approaches. The note was issued at a 1.50 percent interest rate and reached maturity in April, 2011. This note was refinanced prior to the issuance of the 2011 statements for \$120,000. The note will be paid through the Special Assessment Construction Capital Projects Fund. The note is backed by the full faith and credit of the City and is a general obligation of the City.

The \$1,370,000 Fairborn Library refunding general obligation bonds were issued for the purpose of advance refunding \$1,370,000 outstanding Fairborn Library bonds. The bonds matured in December 2011 and were paid through the General Bond Retirement Debt Service Fund with property tax revenue.

The \$455,000 Municipal Court Building Renovations general obligation bonds were issued for the purpose of making improvements and renovations to the court building. The bonds were issued for a 13 year period, with final maturity in December, 2016, and will be paid through the Building and Land Capital Projects Fund with transfers from the General Fund.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The \$100,000 Municipal Building general obligation bonds were issued for the purpose of making improvements and renovations to the municipal building. The bonds were issued for a 10 year period, with final maturity in December, 2014, and will be paid through the Building and Land Capital Projects Fund with transfers from the General Fund.

The \$45,000 curb and sidewalk general obligation bonds were issued for the costs of constructing and repairing certain sidewalks, curbs and driveway approaches. The bonds were issued for a five year period, with final maturity in May, 2015, and will be paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The \$10,000,000 Income Tax revenue bonds were issued for the purpose of building fire facilities. The bonds were issued for a 10 year period, with final maturity in December, 2014, and will be paid through the Public Safety Equipment/Facility Capital Projects Fund with municipal income tax revenue.

The Commerce Center/Channingway special assessment bonds were issued to finance the construction and improvements of Commerce Center and Channingway Drive. These bonds are being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The Dayton – Yellow Springs Improvement special assessment bonds were issued to finance the expansion and improvements of Dayton – Yellow Springs Road. These bonds are being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The 2006, 2007, 2008, 2009, and 2011 Curb and Sidewalk special assessment bonds were issued for the purpose of constructing and repairing curbs, sidewalks and driveway approaches throughout the City. Each bond issue is being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

Capital lease obligations will be paid from the General Fund, the Fire and EMS Special Revenue Fund, Court Special Projects Capital Projects Fund, and Equipment and Information Technology Internal Service Funds. Compensated absences will be paid from the General, the Fire and EMS, Police, Street Maintenance and Repair, State Highway, Cemetery, Community Development and Victim Witness Special Revenue Funds.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

A summary of the long-term obligations reported for business-type activities during 2011 is as follows:

Types/Issues	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Due Within One Year
<u>Notes Payable:</u>					
2010 1.25% - Water Various Purpose Bond Anticipation \$4,057,000	\$4,057,000	\$0	\$4,057,000	\$0	\$0
2011 1.25% - Water Various Purpose Bond Anticipation \$5,577,000	0	5,577,000	0	5,577,000	0
Total Notes Payable	4,057,000	5,577,000	4,057,000	5,577,000	0
<u>General Obligation Bonds</u>					
2001 3.00 to 4.20% Water Utility Improvement Refunding Bonds \$1,980,000 Deferred Loss	217,500 (1,919)	0 0	217,500 (1,919)	0 0	0 0
2001 3.00 to 4.20% Sewer Utility Improvement Refunding Bonds \$1,980,000 Deferred Loss	217,500 (1,919)	0 0	217,500 (1,919)	0 0	0 0
2001 3.50 to 4.20% Water Various Purpose \$927,500	110,000	0	110,000	0	0
2001 3.50 to 4.20% Sewer Various Purpose \$927,500	110,000	0	110,000	0	0
2003 5.00% Sewer Various Purpose \$790,000	115,000	0	115,000	0	0
2004 2.00% Water Various Purpose \$1,218,750	937,950	0	52,650	885,300	52,650
2004 2.00% Sewer Various Purpose \$1,906,250	1,467,050	0	82,350	1,384,700	82,350
2010 2.00 to 4.50% Sewer Various Purpose \$7,460,000	7,460,000	0	5,000	7,455,000	5,000
Discount	(70,241)	0	(2,509)	(67,732)	0
Total General Obligation Bonds	\$10,560,921	\$0	\$903,653	\$9,657,268	\$140,000
<u>Special Assessment Bonds with Governmental Commitment</u>					
2003 5.00% Sewer Various Purpose \$170,000	\$120,000	\$0	\$5,000	\$115,000	\$5,000
<u>Loans Payable</u>					
OPWC 0% Water \$334,216	91,772	0	16,686	75,086	16,686
1993 OWDA 8.97% Sewer \$2,519,598	383,063	0	186,614	196,449	196,449
1994 OWDA 8.97% Sewer \$200,279	27,896	0	13,703	14,193	14,193
1999 OWDA 8.97% Sewer \$1,672,365	416,312	0	133,433	282,879	138,701
Total Loans Payable	919,043	0	350,436	568,607	366,029
<u>Other Long-Term Obligations</u>					
Landfill Closure and Postclosure	313,400	0	96,470	216,930	30,990
Capital Leases	285,848	0	61,104	224,744	52,713
Compensated Absences	195,196	93,277	105,811	182,662	118,241
Total Other Long-Term Obligations	794,444	93,277	263,385	624,336	201,944
Total Business-type Activities	\$16,451,408	\$5,670,277	\$5,579,474	\$16,542,211	\$712,973

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The 2010 Water Various Purpose bond anticipation note was issued on April 20, 2010, in the amount of \$4,057,000 for various repairs, updates and construction to the City's water system. The note was refinanced with the issuance of the 2011 Various Purpose bond anticipation notes issued on April 19, 2011.

The 2011, Various Purpose bond anticipation notes was issued on April 19, 2011, in the amount of \$5,817,000 for rollover of the 2010 Water Various Purpose bond anticipation notes, additional construction to the City's water system and construction and repair of curbs and sidewalks. The note was issued at a 1.50 percent interest rate and reached maturity April 18, 2012. This note was partially paid down and refinanced prior to the issuance of the 2011 statements for \$4,536,000 in notes and \$120,000 in bonds. The note will be paid through the Debt Service Fund and Water Enterprise Fund. The note is backed by the full faith and credit of the City and is a general obligation of the City.

The \$1,980,000 Water Utility Improvement Refunding general obligation bonds were issued for the purpose of advance refunding \$1,807,500 of the Water Utility Improvement bonds. The bonds matured in October, 2011 and were paid through current operations in the Water Enterprise Fund.

The \$1,980,000 Sewer Utility Improvement Refunding general obligation bonds were issued for the purpose of advance refunding \$1,807,500 of the Sewer Utility Improvement bonds. The bonds matured in October, 2011 and were paid through current operations in the Sewer Enterprise Fund.

The \$927,500 Water Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City's water system. The bonds matured in October, 2011 and were paid through current operations in the Water Enterprise Fund.

The \$927,500 Sewer Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City's sewer system. The bonds matured in October, 2011 and were paid through current operations in the Sewer Enterprise Fund.

The \$790,000 Sewer Various Purpose general obligation bonds were issued for the construction of sewer lines around Dayton – Yellow Springs Road. The bonds matured in October, 2011 and were paid through current operations in the Sewer Enterprise Fund.

The \$1,218,750 Water Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City's water system. The bonds were issued for a 20 year period, with final maturity in December, 2024. Current operations in the Water Enterprise Fund are expected to provide sufficient cash flows to fund debt service requirements.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The \$1,906,250 Sewer Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City’s sewer system. The bonds were issued for a 20 year period, with final maturity in December, 2024. Current operations in the Sewer Enterprise Fund are expected to provide sufficient cash flows to fund debt service requirements.

The \$7,460,000 Sewer Various Purpose general obligation bonds were issued for the purpose of paying the costs of designing, constructing, and improving a water reclamation center office building and laboratory with related site improvements and necessary appurtenances. Of these bonds, \$3,130,000 were serial bonds and \$4,330,000 were term bonds. The bonds were issued for a 29 year period with final maturity in May of 2038. The bonds will be retired from the Sewer Enterprise Fund.

The term bonds issued at \$4,330,000 and maturing May 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on May 6, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 275,000
2022	315,000
2024	335,000
2034	1,335,000
2038	<u>2,070,000</u>
Total	<u>\$ 4,330,000</u>

The Sewer Various Purpose special assessment bonds were issued to finance the construction of sewer lines around Dayton – Yellow Springs Road. These bonds are being paid through the Sewer Enterprise Fund with special assessments revenue. These bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$75,086 in water system OPWC loans. Proceeds from these loans provided financing for the construction of water system improvements to the water reclamation center. The loans are payable solely from water customer net revenues and are payable through 2016. Annual principal and interest payments on the loans are expected to require less than two percent of net revenues. The total principal remaining to be paid on the loans is \$75,086. Principal paid for the current year and total customer net revenues were \$16,686 and \$1,592,121, respectively.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$493,521 in sewer system OWDA loans. Proceeds from these loans provided financing for the construction of sewer system improvements. The loans are payable solely from sewer customer net revenues and are payable through 2013. Annual principal and interest payments on the loans are expected to require less than 24 percent of net revenues. The total principal remaining to be paid on the loans is \$493,521. Principal paid for the current year and total customer net revenues were \$333,750 and \$2,273,511, respectively.

Capital lease obligations will be paid from the Water and Sewer Enterprise Funds. Compensated absences will be paid from the Water, Sewer, and Sanitation Enterprise Funds.

The City's overall legal debt margin was \$54,981,856 at December 31, 2011, and the unvoted debt margin was \$28,749,245.

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2011 follows:

December 31,	Governmental Activities					
	General Obligation Bonds		Income Tax Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$40,000	\$17,040	\$1,145,000	\$154,613	\$324,000	\$59,188
2013	40,000	15,615	1,195,000	106,813	235,000	46,293
2014	110,000	14,125	1,245,000	56,025	186,000	26,867
2015	105,000	9,275	0	0	157,000	29,242
2016	95,000	5,113	0	0	168,000	22,698
2017-2021	0	0	0	0	284,000	37,015
2022-2023	0	0	0	0	40,000	2,700
Total	<u>\$390,000</u>	<u>\$61,168</u>	<u>\$3,585,000</u>	<u>\$317,451</u>	<u>\$1,394,000</u>	<u>\$224,003</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

December 31,	Business type Activities						
	General Obligation Bonds		Special Assessment Bonds		OPWC Loan	OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2012	\$140,000	\$406,304	\$5,000	\$5,075	\$16,686	\$349,343	\$17,787
2013	145,000	401,818	10,000	4,870	16,686	144,178	4,242
2014	195,000	396,958	10,000	4,460	16,686	0	0
2015	275,000	390,757	10,000	4,050	16,686	0	0
2016	285,000	382,232	10,000	3,640	8,342	0	0
2017-2021	1,605,000	1,737,533	50,000	11,690	0	0	0
2022-2026	1,795,000	1,371,878	20,000	1,410	0	0	0
2027-2031	1,880,000	1,006,914	0	0	0	0	0
2032-2036	2,325,000	562,488	0	0	0	0	0
2037-2038	1,080,000	73,350	0	0	0	0	0
Total	<u>\$9,725,000</u>	<u>\$6,730,232</u>	<u>\$115,000</u>	<u>\$35,195</u>	<u>\$75,086</u>	<u>\$493,521</u>	<u>\$22,029</u>

Conduit Debt

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of an extended care facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the City, State or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, one series of Industrial Revenue Bonds was outstanding with an aggregate principal amount payable of \$345,833. The original issue amount totaled \$2,500,000.

NOTE 15 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1989. The \$216,930 reported as a landfill postclosure care liability in the Sanitation Enterprise Fund at December 31, 2011, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is not required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. On March 1, 1990, the financial assurance rules went into effect. Prior to that, postclosure care was required (as long as the facility closed between March 1, 1987 and February 28, 1990), but there were no requirements for financial assurance since no financial assurance rules existed.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 16 – CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City entered into lease agreements for a truck, municipal court space at Skyway Plaza, communication equipment, energy conservation improvements, and a sewer jet truck. The original amount of the energy conservation lease was for \$1,045,900 with \$237,487 being considered a capital lease and \$808,414 being considered an operating lease. As part of the agreement for 2008 energy conservation improvements, Citicapital Municipal Finance, as lessor, deposited \$1,045,900 into a separate bank account in the City's name.

Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. For the business-type activities and internal service funds, principal payments are reflected as a decrease to the liability on the Statement of Fund Net Assets. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the amount of \$1,236,778 for governmental activities and \$287,040 in the business-type activities which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2011 totaled \$132,027 in governmental activities and \$61,104 in business-type activities.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value December 31, 2011</u>
Asset:			
Governmental Activities			
Buildings	\$944,870	(\$166,227)	\$778,643
Machinery and Equipment	291,908	(100,312)	191,596
Total Governmental Funds	<u>\$1,236,778</u>	<u>(\$266,539)</u>	<u>\$970,239</u>
Business-type Activities			
Machinery and Equipment	\$5,469	(\$1,732)	\$3,737
Vehicles	281,571	(28,157)	253,414
Total Governmental Funds	<u>\$287,040</u>	<u>(\$29,889)</u>	<u>\$257,151</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 16 – CAPITAL LEASES - LESSEE DISCLOSURE (continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2011.

<u>December 31,</u>	<u>Governmental Activities Total Payments</u>	<u>Business- type Activities Total Payments</u>
2012	\$146,647	\$61,251
2013	146,647	61,251
2014	37,673	61,251
2015	27,766	61,251
2016	27,766	654
2017-2019	41,609	985
Total	428,108	246,643
Less: Amount Representing Interest	(32,871)	(21,899)
Present Value of Minimum Lease Payments	<u>\$395,237</u>	<u>\$224,744</u>

NOTE 17 – OPERATING LEASE – LESSEE DISCLOSURE

In prior years, the City entered into a lease purchase agreement with Citicapital Municipal Finance to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was for \$1,045,900 with \$237,487 being considered a capital lease and \$808,414 being considered an operating lease. The lease commenced on May 27, 2008 and ends May 27, 2018. The lease is non-callable until November 27, 2010, at which time the City can exercise the option to purchase the lease. Operating lease payments made during 2011 were \$96,741.

The future minimum lease payments are as follows:

<u>December 31,</u>	<u>Payment Total</u>
2012	\$96,741
2013	96,741
2014	96,741
2015	96,741
2016	96,741
2017-2018	145,112
Total	<u>\$628,817</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 18 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2011, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		
	<u>General Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund	\$0	\$6,155	\$6,155
Fire and EMS Fund	0	4,820	4,820
Police Fund	0	11,708	11,708
Nonmajor			
Governmental Funds	212,639	6,992	219,631
Water Fund	0	3,367	3,367
Sewer Fund	0	1,818	1,818
Sanitation Fund	0	1,388	1,388
Total	\$212,639	\$36,248	\$248,887

Interfund transfers for the year ended December 31, 2011, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>				
	<u>General Fund</u>	<u>Fire and EMS Fund</u>	<u>Police Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$0	\$3,502,831	\$5,394,744	\$682,001	\$9,579,576
Nonmajor					
Governmental Funds	65,178	0	0	0	65,178
Total	\$65,178	\$3,502,831	\$5,394,744	\$682,001	\$9,644,754

Transfers are used to move General Fund revenues that are used to subsidize various programs and for debt service requirements into other funds. The transfer from Nonmajor Governmental Funds to the General Fund was to move grant monies. During 2011, the Information Technology Internal Service Fund provided capital assets to the governmental activities in the amount of \$145,329, which is recorded as transfer out on Internal Service Fund statements. Therefore, transfers between fund statements do not equal. Since Governmental Funds do not report capital assets, there is no corresponding transfer in reported in the Governmental Funds.

NOTE 19 – RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 19 – RISK MANAGEMENT (continued)

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool (see Note 23) available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2011 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2011 and 2010:

<u>Casualty and Property Coverage</u>	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>14,187,273</u>	<u>14,320,812</u>
Net Assets - Unrestricted	<u>\$19,175,131</u>	<u>\$20,631,198</u>

The casualty coverage assets and net assets above include approximately \$12.14 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$390,642. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 19 – RISK MANAGEMENT (continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The contributions for the last three years are:

<u>Contributions to PEP</u>	<u>Amount</u>
2009	\$204,765
2010	195,321
2011	199,812

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 20 – CONTINGENT LIABILITIES

Litigation

The City of Fairborn is currently a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects as of December 31, 2011. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2011, to December 31, 2011, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 21 – CONSTRUCTION COMMITMENTS

As of December 31, 2011, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>
Dayton-Maple Intersection Traffic Signal Upgrade	\$89,102
Design of Mad River Secondary Raw Water Line	44,976
Rona Village Booster Station Bidding Services	12,829
Kauffman Lift Station Bidding Services	12,829
Biosolids Waste Hauling	10,881
Design for Central Avenue Traffic Signal Upgrade	17,613
Calamityville - CORF	1,332,066
Calamityville - EPA	142,926
Municipal Court Generator	90,000
NW Force Main and Lift Station	220,079
524 South Street Rehabilitation	19,285

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the “Commission”) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, along with the cities of Clayton, Huber Heights, Riverside, New Carlisle, Dayton. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$14,744 for the operation of the Commission during 2011. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Regional Emergency Response Team (RERT)

The Regional Emergency Response Team (RERT) is a jointly governed organization between the following cities: Huber Heights, Vandalia, Fairborn, and Beavercreek. The organization was created through an agreement by the cities to establish a regional council of governments for the RERT. The regional council of governments collects and expends resources to assist the RERT in fighting crime and for other related activities. The purpose of the RERT is to foster cooperation among municipalities through sharing of equipment/facilities/collective team expenses, team consultant expenses and grant sharing costs, for their common benefit. This includes the mutual interchange and sharing of police equipment, as well as police equipment to be jointly acquired and owned, to be utilized by all participating members. The Board of the RERT is made up of one representative from each municipality. Payments to the RERT are made from the General Fund. The City contributed \$4,678 for the operation of the RERT for 2011. Financial information can be obtained from the fiscal agent by writing to the RERT, c/o The City of Beavercreek, Bill Kucera, Finance Director, at 1368 Research Park Drive, Beavercreek, Ohio 45432.

Greene County Agencies for Combined Enforcement (ACE Task Force)

The Greene County Agencies for Combined Enforcement (ACE Task Force) is a jointly governed organization comprised of the Greene County Sheriff's Office; the Beavercreek, Fairborn, Xenia, Yellow Springs and Sugarcreek Township Police Departments; and Greene County Prosecutor's Office. The ACE Task Force is a multi-jurisdictional, multi-disciplinary partnership to share information and resources in order to target the flow of illegal drugs and organized criminal activity into Ohio communities, ensuring the safety and security of Ohio's citizens. Payments to the Task Force are made from the General Fund. The City contributed \$10,500 during 2011. Financial information can be obtained from Greene County Agencies for Combined Enforcement (ACE Task Force), Commander Bruce L. May, 1388 Research Park Drive, Beavercreek, OH 45432.

Community Improvement Corporation of Fairborn (CIC)

The Community Improvement Corporation of Fairborn (CIC) is a jointly governed organization created as a not-for-profit corporation under Chapter 1724 of the Ohio Revised Code. The CIC was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the Greene County, Ohio and the municipal corporations located therein. The City contributed \$4,451 from General Fund to the CIC during 2011. Financial information can be obtained by writing to CIC, c/o The City of Fairborn, Tom Nagel, President, at 44 West Hebble Avenue, Fairborn, OH 45324.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Greene County Regional Planning and Coordination Commission (GCRPCC)

The Greene County Regional Planning and Coordination Commission (GCRPCC) is a jointly governed organization between Green County area municipalities, townships and villages. There are two governing bodies; the Planning Commission which consists of one elected official of the following jurisdictions: Fairborn, Beavercreek, Xenia, Bellbrook, Cedarville, Clifton, Jamestown, Spring Valley, Yellow Springs and three County Commissioners; and the Executive Committee which consists of an elected official from Fairborn, Cedarville Township, New Jasper Township, Bellbrook and a County Commissioner.

GCRPCC prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, and services for the unincorporated areas of Greene County. They provide assistance to the incorporated areas of Greene County.

Payments to GCRPCC are made from the General Fund. The City made no contributions during 2011. Financial information can be obtained from Stephen Anderson, Executive Director, at 651 Dayton-Xenia Road, Xenia, Ohio 45385.

NOTE 23 – RISK-SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

Pursuant to a contract, the firm of Wells Fargo Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 24 – ACCOUNTABILITY

The Fire and EMS, Police, Tax Increment Financing, Victim Witness, and Home Funds had fund balance deficits at December 31, 2011 of \$196,985, \$225,893, \$1,784,550, \$554 and \$43,384, respectively.

The General Fund is liable for the deficits in the Fire and EMS, Police, Victims Assistance, and Home Funds, and will provide transfers when cash is required, not when accruals occur. The deficit in the Tax Increment Financing Fund is due to liabilities for notes payable being reported as a fund liability. The deficit will be alleviated when the note is paid.

NOTE 25 – SUBSEQUENT EVENTS

In April of 2012, the City issued a note in the amount of \$4,536,000 for various purposes. This included partial pay down and reissue of \$5,577,000 of 2011 water various purpose notes. There was also a \$145,000 issue for the purpose of curb, sidewalk, gutter, and driveway approaches.

In April of 2012, the City issued long-term general obligation bonds of \$120,000 for the purpose of curb, sidewalk, gutter and driveway approaches.

In May 2012, the City authorized the issuance of the sale of notes for the maximum principal amount of \$2,000,000 in anticipation of the issuance of bonds for the purpose of paying the costs of improving the municipal sewer system sewer lines.

NOTE 26 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 26 – FUND BALANCE (continued)

Fund Balances	General	Fire and EMS	Police	County Motor Vehicle Tax	Clean Ohio Vehicle Tax
<u>Nonspendable:</u>					
Material and Supplies	\$13,377	\$0	\$12,570	\$0	\$0
Unclaimed moneys	33,120	0	0	0	0
Assets Held for Resale	0	0	0	0	2,640,251
Total Nonspendable	<u>46,497</u>	<u>0</u>	<u>12,570</u>	<u>0</u>	<u>2,640,251</u>
<u>Restricted for:</u>					
Road Improvements	0	0	0	2,576,676	0
Debt Service	0	0	0	0	0
Neighborhood Stabilization	0	0	0	0	0
Drug and Alcohol Enforcement	0	0	0	0	0
Victim Assistance Programs	0	0	0	0	0
Municipal Court Programs	0	0	0	0	0
Public Safety Equipment	0	0	0	0	0
Special Assessment Improvements	0	0	0	0	0
Source Water Protection	0	0	0	0	0
Total Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,576,676</u>	<u>0</u>
<u>Committed to:</u>					
Cemetery Operations	0	0	0	0	0
Street Lighting	0	0	0	0	0
Other Purpose	0	0	0	0	0
Land and Building Improvements	0	0	0	0	0
Recreation Improvements	0	0	0	0	0
Uninsured Loss	0	0	0	0	0
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Assigned to:</u>					
Unpaid Obligations	171,849	0	0	0	0
General Capital Improvements	0	0	0	0	0
Total Assigned	<u>171,849</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Unassigned (Deficits):</u>	3,410,686	(196,985)	(238,463)	0	(815,075)
Total Fund Balances (Deficits)	<u>\$3,629,032</u>	<u>(\$196,985)</u>	<u>(\$225,893)</u>	<u>\$2,576,676</u>	<u>\$1,825,176</u>

(continued)

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 26 – FUND BALANCE (continued)

Fund Balances	General Bond Retirement	Tax Increment Financing	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Material and Supplies	\$0	\$0	\$95,410	\$121,357
Unclaimed moneys	0	0	0	33,120
Assets Held for Resale	0	0	664,271	3,304,522
Total Nonspendable	<u>0</u>	<u>0</u>	<u>759,681</u>	<u>3,458,999</u>
<u>Restricted for:</u>				
Road Improvements	0	0	1,373,973	3,950,649
Debt Service	283,373	0	0	283,373
Neighborhood Stabilization	0	0	134,243	134,243
Drug and Alcohol Enforcement	0	0	891,098	891,098
Victim Assistance Programs	0	0	1,737	1,737
Municipal Court Programs	0	0	578,374	578,374
Public Safety Equipment	0	0	1,177,029	1,177,029
Special Assessment Improvements	0	0	28,288	28,288
Source Water Protection	0	0	26,250	26,250
Total Restricted	<u>283,373</u>	<u>0</u>	<u>4,210,992</u>	<u>7,071,041</u>
<u>Committed to:</u>				
Cemetery Operations	0	0	21,446	21,446
Street Lighting	0	0	16,182	16,182
Other Purpose	0	0	1,218	1,218
Land and Building Improvements	0	0	175,671	175,671
Recreation Improvements	0	0	276,774	276,774
Total Committed	<u>0</u>	<u>0</u>	<u>491,291</u>	<u>491,291</u>
<u>Assigned to:</u>				
Unpaid Obligations	0	0	0	171,849
General Capital Improvements	0	0	593,902	593,902
Total Assigned	<u>0</u>	<u>0</u>	<u>593,902</u>	<u>765,751</u>
<u>Unassigned (Deficits):</u>	0	(1,784,550)	(88,143)	287,470
Total Fund Balances (Deficits)	<u>\$283,373</u>	<u>(\$1,784,550)</u>	<u>\$5,967,723</u>	<u>\$12,074,552</u>



COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed by law and administrative action to expenditures for specified purposes. The following are descriptions of the City's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

Street Maintenance and Repair Fund

Street Maintenance and Repair Fund accounts for and reports restricted gasoline tax and motor vehicle license fees remitted to the City for routine maintenance and repairs of City streets.

State Highway Fund

State Highway Fund accounts for and report gasoline taxes and motor vehicle license fees restricted for routine maintenance of State highways within the City.

Cemetery Fund

Cemetery Fund accounts for and report revenues received from the sale of lots, charges for burial service and foundations committed to operation and maintenance of the City cemetery.

Community Development Fund

Community Development Fund accounts for and reports monies restricted federal government grant money under the Community Development Block Grant program.

Neighborhood Stabilization Fund

Neighborhood Stabilization Program Fund accounts for and reports restricted federal grant money received through the Neighborhood Stabilization Program for improvements to housing stock and living environments in eligible communities.

Neighborhood Stabilization II Fund

Neighborhood Stabilization Program Fund II accounts for and reports restricted federal grant money received through the State of Ohio through the American Recovery and Reinvestment Act to improve the housing stock and living environment in eligible communities to primarily benefit low, moderate, and middle income households.

Victim Witness Fund

Victim Witness Fund accounts for and reports restricted State grant money used for local crime victim assistance programs.

Home Fund

Home Fund accounts for and reports restricted federal grant money received through U.S. Housing and Urban Development's HOME Investment Partnerships Program to create affordable housing for low income households.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Victims Assistance ARRA Justice Assistance Grant Fund

Victims Assistance ARRA Justice Assistance Grant Fund accounts for and reports restricted State grant money received through the American Recovery and Reinvestment Act for local crime victim assistance programs.

Victims Assistance Justice Assistance Grant Fund

Victims Assistance Justice Assistance Grant Fund accounts for and reports restricted State grant money received for local crime victim assistance programs.

Employees Awards Program Fund

Employees Award Program Fund accounts for and reports committed revenues received from donations for the City's employee awards program.

Festival Overtime Fund

Festival Overtime Fund accounts for and reports committed revenues received from donations for the City's overtime expenses related to City festivals.

Street Lighting Fund

Street Lighting Fund accounts for and reports restricted voted tax revenues and transfers from the General Fund to provide street lighting within the City.

Law Enforcement Trust Fund

Law Enforcement Trust Fund accounts for and reports restricted fines and forfeitures revenue generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of the confiscated contraband.

Drug Law Enforcement Fund

Drug Law Enforcement Fund accounts for and reports restricted fines generated from the prosecution of illegal drug usage and sales and donations from interested civic groups.

City Motor Vehicle License Tax Fund

City Motor Vehicle License Tax Fund accounts for and reports restricted permissive license taxes received from the State to finance various street projects.

Indigent Drivers Alcohol Treatment Fund

Indigent Drivers Alcohol Treatment fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of paying the costs of attendance of indigent OMVI offenders at alcohol and drug addiction treatment programs.

Alcohol Enforcement and Education Fund

Alcohol Enforcement and Education Fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Federal Forfeitures Fund

Federal Forfeitures Fund accounts for and reports restricted federal forfeitures received by the Fairborn Police Department. The revenue is used for law enforcement purposes only, excluding salaries.

Municipal Probation Services Fund

Municipal Probation Services Fund accounts for and reports restricted fees from the Municipal Court and used by the Probation Department for staff, equipment, and probation treatment programs.

Traffic Intervention Fund

Traffic Intervention Fund accounts for and reports restricted fines from the Municipal Court to create a traffic intervention program to increase the number of licensed and insured drivers in the community.

Court Legal Research/Computerization Fund

Court Legal Research/Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted for court computerization and to procure and maintain computerized legal research services.

Court Clerk Computerization Fund

Court Clerk Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted to procure and maintain computer systems for the court clerk.

Indigent Driver's Interlock and Alcohol Monitoring Fund

Indigent Driver's Interlock and Alcohol Monitoring Fund accounts for and reports the monies received from fines imposed by the Municipal Court restricted for the purpose of paying costs to procure alcohol monitoring or driver interlock devices for indigent defendants.

Byrne Justice Assistance Grant Fund

Byrne Justice Assistance Grant Fund accounts for and grants restricted federal grant money used for police department equipment and training programs.

Federal Emergency Management Agency Fund

Federal Emergency Management Agency Fund accounts for and reports restricted federal grant money used to aid in cost reimbursements for hurricane Irene.

Uninsured Loss Fund

Uninsured Loss Fund accounts for and reports expenditures to repair damage to City property. This fund is included with the General Fund for GAAP reporting as it does not have a restricted or committed revenue source.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Capital Projects Funds

Capital projects funds are used to account for restricted, committed, or assigned financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Nonmajor Capital Projects Funds

Court Special Projects Fund

Court Special Projects Fund accounts for and reports restricted fines levied by the Municipal Court to be used by the court for special projects.

General Capital Improvement Fund

General Capital Improvement Fund accounts for and reports revenues assigned to purchase or construct equipment or buildings.

Parks and Recreation Improvements Fund

Parks and Recreation Improvement Fund accounts for and reports committed hotel/motel taxes and grants received for improvements in the City park system.

Source Water Protection Grant Fund

Source Water Protection Grant Fund accounts for and reports restricted grant money received from the Miami Conservancy District for the construction of a pervious brick entry way.

Homeland Security Grant Fund

Homeland Security Grant Fund accounts for and reports restricted federal grant money used to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other catastrophic events.

Public Safety Equipment/Facility Fund

Public Safety Equipment/Facility Fund accounts for and reports revenues received from the one-fourth of one percent income tax levy, emergency response auto-collect and other revenue sources restricted to provide funding for fire equipment and improvements.

Building and Land Fund

Building and Land Fund accounts for and reports three percent of income tax revenue that is transferred from the General Fund committed to fund major repair, replacement and improvement of City owned buildings and land.

Special Assessment Construction Fund

Special Assessment Construction Fund accounts for and reports the sale of notes and the collection of special assessments restricted for the construction of specific projects which will be paid from special assessments.

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,015,487	\$2,453,901	\$5,469,388
Receivables:			
Other Local Taxes	0	24,451	24,451
Municipal Income Taxes	0	690,171	690,171
Accounts	0	18,876	18,876
Intergovernmental	706,095	0	706,095
Assets Held for Resale	664,271	0	664,271
Materials and Supplies Inventory	95,410	0	95,410
<i>Total Assets</i>	<u>\$4,481,263</u>	<u>\$3,187,399</u>	<u>\$7,668,662</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$96,352	\$17,176	\$113,528
Contracts Payable	36,327	0	36,327
Retainage Payable	6,422	0	6,422
Interfund Payable	214,929	4,702	219,631
Accrued Wages Payable	34,247	1,835	36,082
Intergovernmental Payable	31,446	958	32,404
Deferred Revenue	451,620	571,377	1,022,997
Accrued Interest Payable	0	2,123	2,123
Notes Payable	0	231,425	231,425
<i>Total Liabilities</i>	<u>871,343</u>	<u>829,596</u>	<u>1,700,939</u>
Fund Balances:			
Nonspendable	759,681	0	759,681
Restricted	2,899,536	1,311,456	4,210,992
Committed	38,846	452,445	491,291
Assigned	0	593,902	593,902
Unassigned (Deficit)	(88,143)	0	(88,143)
<i>Total Fund Balances</i>	<u>3,609,920</u>	<u>2,357,803</u>	<u>5,967,723</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,481,263</u>	<u>\$3,187,399</u>	<u>\$7,668,662</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property Taxes	\$137,487	\$0	\$137,487
Other Local Taxes	0	94,592	94,592
Municipal Income Taxes	0	1,926,965	1,926,965
Fines, Licenses and Permits	334,105	161,583	495,688
Charges for Services	40,585	255,838	296,423
Investment Earnings	8,422	13,108	21,530
Intergovernmental	2,181,529	316,904	2,498,433
Contributions and Donations	29,023	0	29,023
Other	205,616	53,730	259,346
<i>Total Revenues</i>	<u>2,936,767</u>	<u>2,822,720</u>	<u>5,759,487</u>
Expenditures:			
Current:			
General Government	85,629	517,210	602,839
Public Safety	737,077	316,904	1,053,981
Leisure Time Activities	0	26,370	26,370
Community Development	423,600	0	423,600
Transportation and Street Repair	1,057,977	0	1,057,977
Public Health and Welfare	95,111	0	95,111
Capital Outlay	163,187	296,294	459,481
Debt Service:			
Principal Retirement	0	1,949,981	1,949,981
Interest and Fiscal Charges	0	236,173	236,173
Issuance Costs	0	11,510	11,510
<i>Total Expenditures</i>	<u>2,562,581</u>	<u>3,354,442</u>	<u>5,917,023</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>374,186</u>	<u>(531,722)</u>	<u>(157,536)</u>
Other Financing Sources (Uses):			
Bonds Issued	0	304,790	304,790
Refunding Notes Issued	0	120,000	120,000
Proceeds from Sale of Capital Assets	22,279	0	22,279
Transfers-In	314,263	367,738	682,001
Transfers-Out	(65,178)	0	(65,178)
<i>Total Other Financing Sources (Uses)</i>	<u>271,364</u>	<u>792,528</u>	<u>1,063,892</u>
<i>Net Change in Fund Balances</i>	645,550	260,806	906,356
<i>Fund Balances at Beginning of Year</i>	<u>2,964,370</u>	<u>2,096,997</u>	<u>5,061,367</u>
<i>Fund Balances at End of Year</i>	<u><u>\$3,609,920</u></u>	<u><u>\$2,357,803</u></u>	<u><u>\$5,967,723</u></u>

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Street Maintenance and Repair	State Highway	Cemetery	Community Development
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,063,839	\$180,778	\$27,744	\$73,780
Receivables:				
Intergovernmental	526,854	44,022	0	8,864
Assets Held for Resale	0	0	0	15,315
Materials and Supplies Inventory	95,410	0	0	0
<i>Total Assets</i>	<u>\$1,686,103</u>	<u>\$224,800</u>	<u>\$27,744</u>	<u>\$97,959</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$24,126	\$529	\$2,074	\$1,013
Contracts Payable	0	0	0	
Retainage Payable	0	0	0	0
Interfund Payable	4,788	0	75	43,066
Accrued Wages Payable	15,789	1,560	2,002	4,146
Intergovernmental Payable	16,210	1,616	2,147	3,271
Deferred Revenue	347,428	29,474	0	8,864
<i>Total Liabilities</i>	<u>408,341</u>	<u>33,179</u>	<u>6,298</u>	<u>60,360</u>
Fund Balances:				
Nonspendable	95,410	0	0	15,315
Restricted	1,182,352	191,621	0	22,284
Committed	0	0	21,446	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,277,762</u>	<u>191,621</u>	<u>21,446</u>	<u>37,599</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,686,103</u>	<u>\$224,800</u>	<u>\$27,744</u>	<u>\$97,959</u>

Neighborhood Stabilization	Neighborhood Stabilization II	Victim Witness	Home	Victims Assistance ARRA Justice Assistance Grant	Employee Awards Program	Festival Overtime
\$115,472	\$52,357	\$4,498	\$42,833	\$7,459	\$916	\$629
2,222	47,642	2,002	59,144	10,857	0	0
430,091	218,865	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$547,785</u>	<u>\$318,864</u>	<u>\$6,500</u>	<u>\$101,977</u>	<u>\$18,316</u>	<u>\$916</u>	<u>\$629</u>
\$2,608	\$818	\$600	\$33,669	\$0		
0	36,327	0	0	0	0	0
0	6,422	0	0	0	0	0
0	100,000	0	52,000	15,000	0	0
537	451	3,693	403	0	0	0
368	186	2,761	145	1,579	0	327
2,222	0	0	59,144	0		0
<u>5,735</u>	<u>144,204</u>	<u>7,054</u>	<u>145,361</u>	<u>16,579</u>	<u>0</u>	<u>327</u>
430,091	218,865	0	0	0	0	0
111,959	0	0	0	1,737	0	0
0	0	0	0	0	916	302
0	(44,205)	(554)	(43,384)	0	0	0
<u>542,050</u>	<u>174,660</u>	<u>(554)</u>	<u>(43,384)</u>	<u>1,737</u>	<u>916</u>	<u>302</u>
<u>\$547,785</u>	<u>\$318,864</u>	<u>\$6,500</u>	<u>\$101,977</u>	<u>\$18,316</u>	<u>\$916</u>	<u>\$629</u>

(continued)

City of Fairborn, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2011
 (Continued)

	Street Lighting	Law Enforcement Trust	Drug Law Enforcement	Indigent Drivers Alcohol Treatment
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$41,591	\$191,981	\$17,706	\$363,192
Receivables:				
Intergovernmental	2,603	0	0	0
Assets Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$44,194</u>	<u>\$191,981</u>	<u>\$17,706</u>	<u>\$363,192</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$25,409	\$3,424	\$0	\$275
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Interfund Payable	0	0	0	0
Accrued Wages Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	2,603	0	0	0
<i>Total Liabilities</i>	<u>28,012</u>	<u>3,424</u>	<u>0</u>	<u>275</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	188,557	17,706	362,917
Committed	16,182	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>16,182</u>	<u>188,557</u>	<u>17,706</u>	<u>362,917</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$44,194</u>	<u>\$191,981</u>	<u>\$17,706</u>	<u>\$363,192</u>

<u>Alcohol Enforcement and Education</u>	<u>Federal Forfeitures</u>	<u>Municipal Probation Services</u>	<u>Traffic Intervention</u>	<u>Court Legal Research/ Computerization</u>	<u>Court Clerk Computerization</u>
\$13,118	\$230,924	\$143,256	\$14,086	\$115,314	\$248,648
0	1,885	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$13,118</u>	<u>\$232,809</u>	<u>\$143,256</u>	<u>\$14,086</u>	<u>\$115,314</u>	<u>\$248,648</u>
\$0	\$0	\$905	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	4,102	443	0	1,121
0	0	2,074	231	0	531
0	1,885	0	0	0	0
<u>0</u>	<u>1,885</u>	<u>7,081</u>	<u>674</u>	<u>0</u>	<u>1,652</u>
0	0	0	0	0	0
13,118	230,924	136,175	13,412	115,314	246,996
0	0	0	0	0	0
0	0	0	0	0	0
<u>13,118</u>	<u>230,924</u>	<u>136,175</u>	<u>13,412</u>	<u>115,314</u>	<u>246,996</u>
<u>\$13,118</u>	<u>\$232,809</u>	<u>\$143,256</u>	<u>\$14,086</u>	<u>\$115,314</u>	<u>\$248,648</u>

(continued)

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011
(Continued)

	Indigent Driver's Interlock and Alcohol Monitoring	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$65,366	\$3,015,487
Receivables:		
Intergovernmental	0	706,095
Assets Held for Resale	0	664,271
Materials and Supplies Inventory	0	95,410
<i>Total Assets</i>	<u>\$65,366</u>	<u>\$4,481,263</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	\$902	\$96,352
Contracts Payable	0	36,327
Retainage Payable	0	6,422
Interfund Payable	0	214,929
Accrued Wages Payable	0	34,247
Intergovernmental Payable	0	31,446
Deferred Revenue	0	451,620
<i>Total Liabilities</i>	<u>902</u>	<u>871,343</u>
Fund Balances:		
Nonspendable	0	759,681
Restricted	64,464	2,899,536
Committed	0	38,846
Unassigned (Deficit)	0	(88,143)
<i>Total Fund Balances (Deficit)</i>	<u>64,464</u>	<u>3,609,920</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$65,366</u>	<u>\$4,481,263</u>



City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Street Maintenance and Repair	State Highway	Cemetery	Community Development	Neighborhood Stabilization
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0	0	0
Charges for Services	0	0	40,585	0	0
Investment Earnings	5,995	1,026	0	0	0
Intergovernmental	1,102,182	89,366	0	235,441	402,617
Contributions and Donations	0	0	0	0	0
Other	49,536	0	126	6,322	72
<i>Total Revenues</i>	<u>1,157,713</u>	<u>90,392</u>	<u>40,711</u>	<u>241,763</u>	<u>402,689</u>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Community Development	0	0	0	212,749	92,099
Transportation and Street Repair	965,983	82,974	0	0	0
Public Health and Welfare	0	0	95,111	0	0
Capital Outlay	163,187	0	0	0	0
<i>Total Expenditures</i>	<u>1,129,170</u>	<u>82,974</u>	<u>95,111</u>	<u>212,749</u>	<u>92,099</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>28,543</u>	<u>7,418</u>	<u>(54,400)</u>	<u>29,014</u>	<u>310,590</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	0	0
Transfers-In	0	0	74,481	0	0
Transfers-Out	0	0	0	(65,178)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>74,481</u>	<u>(65,178)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	28,543	7,418	20,081	(36,164)	310,590
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,249,219</u>	<u>184,203</u>	<u>1,365</u>	<u>73,763</u>	<u>231,460</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,277,762</u>	<u>\$191,621</u>	<u>\$21,446</u>	<u>\$37,599</u>	<u>\$542,050</u>

Neighborhood Stabilization II	Victim Witness	Home Fund	Victims Assistance ARRA Justice Assistance Grant	Victims Assistance Justice Assistance Grant	Employee Rewards Program	Festival Overtime	Street Lighting	Law Enforcement Trust
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$137,487	\$0
0	12,726	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
184,750	58,018	0	0	42,237	0	0	38,702	0
0	0	0	0	0	2,173	9,300	0	17,550
0	0	0	218	0	0	4,060	0	141,224
<u>184,750</u>	<u>70,744</u>	<u>0</u>	<u>218</u>	<u>42,237</u>	<u>2,173</u>	<u>13,360</u>	<u>176,189</u>	<u>158,774</u>
0	0	0	0	0	1,257	13,058	0	0
0	80,877	0	0	54,690	0	0	317,180	38,184
10,190	0	108,562	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>10,190</u>	<u>80,877</u>	<u>108,562</u>	<u>0</u>	<u>54,690</u>	<u>1,257</u>	<u>13,058</u>	<u>317,180</u>	<u>38,184</u>
<u>174,560</u>	<u>(10,133)</u>	<u>(108,562)</u>	<u>218</u>	<u>(12,453)</u>	<u>916</u>	<u>302</u>	<u>(140,991)</u>	<u>120,590</u>
0	0	0	0	0	0	0	0	22,279
0	9,407	65,178	0	14,190	0	0	151,007	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>9,407</u>	<u>65,178</u>	<u>0</u>	<u>14,190</u>	<u>0</u>	<u>0</u>	<u>151,007</u>	<u>22,279</u>
<u>174,560</u>	<u>(726)</u>	<u>(43,384)</u>	<u>218</u>	<u>1,737</u>	<u>916</u>	<u>302</u>	<u>10,016</u>	<u>142,869</u>
<u>100</u>	<u>172</u>	<u>0</u>	<u>(218)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,166</u>	<u>45,688</u>
<u>\$174,660</u>	<u>(\$554)</u>	<u>(\$43,384)</u>	<u>\$0</u>	<u>\$1,737</u>	<u>\$916</u>	<u>\$302</u>	<u>\$16,182</u>	<u>\$188,557</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2011
(Continued)

	Drug Law Enforcement Fund	City Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment	Alcohol Enforcement and Education	Federal Forfeitures
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	37,815	2,182	8,196
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	1,401
Intergovernmental	0	0	0	0	5,730
Contributions and Donations	0	0	0	0	0
Other	3,553	0	0	0	0
<i>Total Revenues</i>	<u>3,553</u>	<u>0</u>	<u>37,815</u>	<u>2,182</u>	<u>15,327</u>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	40,880	1,202	28,080
Community Development	0	0	0	0	0
Transportation and Street Repair	0	9,020	0	0	0
Public Health and Welfare	0	0	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>9,020</u>	<u>40,880</u>	<u>1,202</u>	<u>28,080</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,553</u>	<u>(9,020)</u>	<u>(3,065)</u>	<u>980</u>	<u>(12,753)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	0	0
Transfers-In	0	0	0	0	0
Transfers-Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,553	(9,020)	(3,065)	980	(12,753)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>14,153</u>	<u>9,020</u>	<u>365,982</u>	<u>12,138</u>	<u>243,677</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$17,706</u></u>	<u><u>\$0</u></u>	<u><u>\$362,917</u></u>	<u><u>\$13,118</u></u>	<u><u>\$230,924</u></u>

Municipal Probation Services	Traffic Intervention	Court Legal Research/ Computer- ization	Court Clerk Computer- ization	Indigent Driver's Interlock and Alcohol Monitoring	Byrne Justice Assistance Grant	Federal Emergency Management Agency	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$137,487
78,906	13,913	25,336	126,332	28,699	0	0	334,105
0	0	0	0	0	0	0	40,585
0	0	0	0	0	0	0	8,422
0	0	0	0	0	7,110	15,376	2,181,529
0	0	0	0	0	0	0	29,023
0	0	505	0	0	0	0	205,616
<u>78,906</u>	<u>13,913</u>	<u>25,841</u>	<u>126,332</u>	<u>28,699</u>	<u>7,110</u>	<u>15,376</u>	<u>2,936,767</u>
0	0	19,289	52,025	0	0	0	85,629
129,230	15,464	0	0	8,804	7,110	15,376	737,077
0	0	0	0	0	0	0	423,600
0	0	0	0	0	0	0	1,057,977
0	0	0	0	0	0	0	95,111
0	0	0	0	0	0	0	163,187
<u>129,230</u>	<u>15,464</u>	<u>19,289</u>	<u>52,025</u>	<u>8,804</u>	<u>7,110</u>	<u>15,376</u>	<u>2,562,581</u>
<u>(50,324)</u>	<u>(1,551)</u>	<u>6,552</u>	<u>74,307</u>	<u>19,895</u>	<u>0</u>	<u>0</u>	<u>374,186</u>
0	0	0	0	0	0	0	22,279
0	0	0	0	0	0	0	314,263
0	0	0	0	0	0	0	(65,178)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>271,364</u>
<u>(50,324)</u>	<u>(1,551)</u>	<u>6,552</u>	<u>74,307</u>	<u>19,895</u>	<u>0</u>	<u>0</u>	<u>645,550</u>
<u>186,499</u>	<u>14,963</u>	<u>108,762</u>	<u>172,689</u>	<u>44,569</u>	<u>0</u>	<u>0</u>	<u>2,964,370</u>
<u>\$136,175</u>	<u>\$13,412</u>	<u>\$115,314</u>	<u>\$246,996</u>	<u>\$64,464</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,609,920</u>

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Court Special Projects	General Capital Improvement	Parks and Recreation Improvements	Source Water Protection Grant
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$82,682	\$595,898	\$252,323	\$26,250
Receivables:				
Other Local Taxes	0	0	24,451	0
Municipal Income Taxes	0	0	0	0
Accounts	0	0	0	0
<i>Total Assets</i>	<u>\$82,682</u>	<u>\$595,898</u>	<u>\$276,774</u>	<u>\$26,250</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$0	\$1,996	\$0	\$0
Interfund Payable	0	0	0	0
Accrued Wages Payable	1,835	0	0	0
Intergovernmental Payable	958	0	0	0
Deferred Revenue	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>2,793</u>	<u>1,996</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Restricted	79,889	0	0	26,250
Committed	0	0	276,774	0
Assigned	0	593,902	0	0
<i>Total Fund Balances</i>	<u>79,889</u>	<u>593,902</u>	<u>276,774</u>	<u>26,250</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$82,682</u>	<u>\$595,898</u>	<u>\$276,774</u>	<u>\$26,250</u>

Homeland Security Grant	Public Safety Equipment/ Facility	Building and Land	Special Assessment Construction	Total Nonmajor Capital Projects Funds
\$2,638	\$1,042,624	\$302,022	\$149,464	\$2,453,901
0	0	0	0	24,451
0	690,171	0	0	690,171
0	18,876	0	0	18,876
<u>\$2,638</u>	<u>\$1,751,671</u>	<u>\$302,022</u>	<u>\$149,464</u>	<u>\$3,187,399</u>
\$0	\$1,201	\$13,979	\$0	\$17,176
2,638	2,064	0	0	4,702
0	0	0	0	1,835
0	0	0	0	958
0	571,377	0	0	571,377
0	0	947	1,176	2,123
0	0	111,425	120,000	231,425
<u>2,638</u>	<u>574,642</u>	<u>126,351</u>	<u>121,176</u>	<u>829,596</u>
0	1,177,029	0	28,288	1,311,456
0	0	175,671	0	452,445
0	0	0	0	593,902
<u>0</u>	<u>1,177,029</u>	<u>175,671</u>	<u>28,288</u>	<u>2,357,803</u>
<u>\$2,638</u>	<u>\$1,751,671</u>	<u>\$302,022</u>	<u>\$149,464</u>	<u>\$3,187,399</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

	Court Special Projects	General Capital Improvement	Parks and Recreation Improvements
Revenues:			
Other Local Taxes	\$0	\$0	\$94,592
Municipal Income Taxes	0	0	0
Fines, Licenses and Permits	161,583	0	0
Charges for Services	0	0	20,555
Investment Earnings	0	2,617	1,420
Intergovernmental	0	0	0
Other	0	2,325	4,161
<i>Total Revenues</i>	<u>161,583</u>	<u>4,942</u>	<u>120,728</u>
Expenditures:			
Current:			
General Government	69,585	29,798	0
Public Safety	0	0	0
Leisure Time Activities	0	0	26,370
Capital Outlay	0	0	39,084
Debt Service:			
Principal Retirement	104,981	0	0
Interest and Fiscal Charges	13,900	2,379	0
Issuance Costs	0	0	0
<i>Total Expenditures</i>	<u>188,466</u>	<u>32,177</u>	<u>65,454</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(26,883)</u>	<u>(27,235)</u>	<u>55,274</u>
Other Financing Sources:			
Bonds Issued	0	0	0
Refunding Notes Issued	0	0	0
Transfers-In	0	147,095	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>147,095</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(26,883)	119,860	55,274
<i>Fund Balances at Beginning of Year</i>	<u>106,772</u>	<u>474,042</u>	<u>221,500</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$79,889</u></u>	<u><u>\$593,902</u></u>	<u><u>\$276,774</u></u>

Source Water Protection Grant	Homeland Security Grant	Public Safety Equipment/ Facility	Building and Land	Special Assessment Construction	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$94,592
0	0	1,926,965	0	0	1,926,965
0	0	0	0	0	161,583
0	0	4,871	0	230,412	255,838
0	0	9,071	0	0	13,108
0	316,904	0	0	0	316,904
0	0	13,730	33,514	0	53,730
0	316,904	1,954,637	33,514	230,412	2,822,720
0	0	263,701	142,686	11,440	517,210
0	316,904	0	0	0	316,904
0	0	0	0	0	26,370
0	0	45,920	31,809	179,481	296,294
0	0	1,105,000	30,000	710,000	1,949,981
0	0	194,050	19,791	6,053	236,173
0	0	0	0	11,510	11,510
0	316,904	1,608,671	224,286	918,484	3,354,442
0	0	345,966	(190,772)	(688,072)	(531,722)
0	0	0	0	304,790	304,790
0	0	0	0	120,000	120,000
0	0	0	220,643	0	367,738
0	0	0	220,643	424,790	792,528
0	0	345,966	29,871	(263,282)	260,806
26,250	0	831,063	145,800	291,570	2,096,997
\$26,250	\$0	\$1,177,029	\$175,671	\$28,288	\$2,357,803

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department to other departments within the City.

Equipment Fund

To account for charges to other funds for the labor, parts, and overhead to repair and maintain City equipment and vehicles.

Information Technology Fund

To account for charges to other funds for information technology services.

Employee Assistance Program Fund

To account for the payment of employee assistance programs and other human resource costs associated with employees' health and benefits.

City of Fairborn, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2011

	<u>Equipment</u>	<u>Information Technology</u>	<u>Employee Assistance Program</u>	<u>Total</u>
Assets:				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$95,900	\$51,735	\$248,626	\$396,261
Interfund Receivable	36,248	0	0	36,248
Materials and Supplies Inventory	109,470	0	0	109,470
<i>Total Current Assets</i>	<u>241,618</u>	<u>51,735</u>	<u>248,626</u>	<u>541,979</u>
Non-current Assets				
Depreciable Capital Assets, Net	206,389	50,465	0	256,854
<i>Total Assets</i>	<u>448,007</u>	<u>102,200</u>	<u>248,626</u>	<u>798,833</u>
Liabilities:				
Current Liabilities				
Accounts Payable	35,127	10,786	0	45,913
Accrued Wages Payable	12,292	7,339	0	19,631
Compensated Absences Payable	38,779	2,584	0	41,363
Intergovernmental Payable	13,992	7,806	0	21,798
Capital Lease Payable	5,792	0	0	5,792
<i>Total Current Liabilities</i>	<u>105,982</u>	<u>28,515</u>	<u>0</u>	<u>134,497</u>
Long-Term Liabilities				
Capital Lease Payable	35,772	0	0	35,772
Compensated Absences Payable	14,613	127	0	14,740
<i>Total Long-Term Liabilities</i>	<u>50,385</u>	<u>127</u>	<u>0</u>	<u>50,512</u>
<i>Total Liabilities</i>	<u>156,367</u>	<u>28,642</u>	<u>0</u>	<u>185,009</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	164,825	50,465	0	215,290
Unrestricted	126,815	23,093	248,626	398,534
<i>Total Net Assets</i>	<u>\$291,640</u>	<u>\$73,558</u>	<u>\$248,626</u>	<u>\$613,824</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Equipment	Information Technology	Employee Assistance Program	Total
Operating Revenues:				
Charges for Services	\$1,267,929	\$422,066	\$0	\$1,689,995
Other	1,300	45	1,592	2,937
<i>Total Operating Revenues</i>	<u>1,269,229</u>	<u>422,111</u>	<u>1,592</u>	<u>1,692,932</u>
Operating Expenses:				
Personal Services	420,719	249,303	2,473	672,495
Contractual Services	56,093	98,130	7,180	161,403
Materials and Supplies	835,837	7,497	0	843,334
Depreciation	23,705	13,047	0	36,752
<i>Total Operating Expenses</i>	<u>1,336,354</u>	<u>367,977</u>	<u>9,653</u>	<u>1,713,984</u>
<i>Operating Income (Loss)</i>	<u>(67,125)</u>	<u>54,134</u>	<u>(8,061)</u>	<u>(21,052)</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	0	0	1,494	1,494
Interest and Fiscal Charges	(1,625)	(114)	0	(1,739)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,625)</u>	<u>(114)</u>	<u>1,494</u>	<u>(245)</u>
<i>Income (Loss) Before Transfers</i>	<u>(68,750)</u>	<u>54,020</u>	<u>(6,567)</u>	<u>(21,297)</u>
Transfers - Out	0	(145,329)	0	(145,329)
<i>Change in Net Assets</i>	<u>(68,750)</u>	<u>(91,309)</u>	<u>(6,567)</u>	<u>(166,626)</u>
<i>Net Assets at Beginning of Year</i>	<u>360,390</u>	<u>164,867</u>	<u>255,193</u>	<u>780,450</u>
<i>Net Assets at End of Year</i>	<u>\$291,640</u>	<u>\$73,558</u>	<u>\$248,626</u>	<u>\$613,824</u>

City of Fairborn, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	<u>Equipment</u>	<u>Information Technology</u>	<u>Employee Assistance Program</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received From Interfund Services Provided	\$1,258,687	\$422,066	\$0	\$1,680,753
Cash Received From Other Operating Revenues	1,300	45	1,592	2,937
Cash Payments for Employee Services and Benefits	(408,913)	(249,093)	(2,473)	(660,479)
Cash Payments to Suppliers	<u>(904,852)</u>	<u>(135,872)</u>	<u>(7,180)</u>	<u>(1,047,904)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(53,778)</u>	<u>37,146</u>	<u>(8,061)</u>	<u>(24,693)</u>
Cash Flows Used for Capital and Related Financing Activities:				
Acquisition of Capital Assets	(30,774)	(28,832)	0	(59,606)
Capital Lease Principal Payments	(5,592)	(5,532)	0	(11,124)
Capital Lease Interest Payments	<u>(1,625)</u>	<u>(114)</u>	<u>0</u>	<u>(1,739)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(37,991)</u>	<u>(34,478)</u>	<u>0</u>	<u>(72,469)</u>
Cash Flows from Investing Activities:				
Interest	<u>0</u>	<u>0</u>	<u>1,494</u>	<u>1,494</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(91,769)	2,668	(6,567)	(95,668)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>187,669</u>	<u>49,067</u>	<u>255,193</u>	<u>491,929</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$95,900</u>	<u>\$51,735</u>	<u>\$248,626</u>	<u>\$396,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(\$67,125)	\$54,134	(\$8,061)	(\$21,052)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	23,705	13,047	0	36,752
Changes in Assets and Liabilities:				
Increase in Materials and Supplies Inventory	(3,107)	0	0	(3,107)
Increase in Interfund Receivable	(9,440)	0	0	(9,440)
Decrease in Accounts Payable	(9,577)	(30,245)	0	(39,822)
Increase (Decrease) in Accrued Wages Payable	1,509	654	0	2,163
Decrease in Intergovernmental Payable	(1,576)	(1,356)	0	(2,932)
Increase in Compensated Absences Payable	<u>11,833</u>	<u>912</u>	<u>0</u>	<u>12,745</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$53,778)</u>	<u>\$37,146</u>	<u>(\$8,061)</u>	<u>(\$24,693)</u>

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Agency Fund

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

Municipal Court Fund

To account for monies that flow through the Clerk of Courts office.

City of Fairborn, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2011

	Balance at 12/31/2010	Additions	Reductions	Balance at 12/31/2011
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$291,256	\$3,760,067	\$3,800,819	\$250,504
Liabilities:				
Undistributed Monies	\$291,256	\$3,760,067	\$3,800,819	\$250,504

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$1,633,806	\$1,624,967	(\$8,839)
Other Local Taxes	688,000	711,575	23,575
Municipal Income Taxes	7,735,465	7,742,429	6,964
Fines, Licenses and Permits	1,158,300	1,161,685	3,385
Charges for Services	2,903,410	2,886,678	(16,732)
Investment Earnings	78,100	78,714	614
Intergovernmental	1,811,868	1,776,454	(35,414)
Other	93,000	110,211	17,211
<i>Total Revenues</i>	<u>16,101,949</u>	<u>16,092,713</u>	<u>(9,236)</u>
Expenditures:			
Current:			
General Government			
City Council			
Personal Services	114,092	113,412	680
Contractual Services	78,464	74,165	4,299
Materials and Supplies	4,818	4,818	0
<i>Total City Council</i>	<u>197,374</u>	<u>192,395</u>	<u>4,979</u>
Municipal Court			
Personal Services	1,446,465	1,429,742	16,723
Contractual Services	345,477	321,791	23,686
Materials and Supplies	35,616	31,405	4,211
<i>Total Municipal Court</i>	<u>1,827,558</u>	<u>1,782,938</u>	<u>44,620</u>
Jail Diversion Grant			
Personal Services	46,814	42,399	4,415
Contractual Services	21,392	21,392	0
<i>Total Jail Diversion Grant</i>	<u>68,206</u>	<u>63,791</u>	<u>4,415</u>
City Manager's Office			
Personal Services	283,200	282,861	339
Contractual Services	6,422	6,107	315
Materials and Supplies	2,737	2,737	0
<i>Total City Manager's Office</i>	<u>292,359</u>	<u>291,705</u>	<u>654</u>
Administration and General Accounting			
Personal Services	521,692	516,537	5,155
Contractual Services	132,966	111,675	21,291
Materials and Supplies	5,236	5,236	0
<i>Total Administration and General Accounting</i>	<u>\$659,894</u>	<u>\$633,448</u>	<u>\$26,446</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Utilities Accounting			
Personal Services	\$166,285	\$162,419	\$3,866
Contractual Services	101,958	101,333	625
Materials and Supplies	2,116	2,113	3
<i>Total Utilities Accounting</i>	<u>270,359</u>	<u>265,865</u>	<u>4,494</u>
City Income Tax Accounting			
Personal Services	186,913	186,219	694
Contractual Services	450,348	397,901	52,447
Materials and Supplies	1,122	1,122	0
<i>Total City Income Tax Accounting</i>	<u>638,383</u>	<u>585,242</u>	<u>53,141</u>
Legal Department			
Personal Services	170,195	169,002	1,193
Contractual Services	47,265	23,953	23,312
Materials and Supplies	4,771	2,294	2,477
<i>Total Legal Department</i>	<u>222,231</u>	<u>195,249</u>	<u>26,982</u>
Personnel Department			
Personal Services	72,916	72,212	704
Contractual Services	68,719	50,239	18,480
Materials and Supplies	7,185	6,305	880
<i>Total Personnel Department</i>	<u>148,820</u>	<u>128,756</u>	<u>20,064</u>
Engineering and Drafting			
Personal Services	395,620	391,663	3,957
Contractual Services	18,733	18,626	107
Materials and Supplies	12,481	12,368	113
<i>Total Engineering and Drafting</i>	<u>426,834</u>	<u>422,657</u>	<u>4,177</u>
Plant Maintenance			
Personal Services	343,809	332,755	11,054
Contractual Services	117,136	109,749	7,387
Materials and Supplies	81,768	81,155	613
<i>Total Plant Maintenance</i>	<u>542,713</u>	<u>523,659</u>	<u>19,054</u>
Contingency			
Personal Services	84,566	84,566	0
Contractual Services	722,192	683,602	38,590
Materials and Supplies	18,290	18,290	0
<i>Total Contingency</i>	<u>825,048</u>	<u>786,458</u>	<u>38,590</u>
<i>Total General Government</i>	<u>\$6,119,779</u>	<u>\$5,872,163</u>	<u>\$247,616</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities			
Parks and Recreation			
Personal Services	\$133,881	\$130,706	\$3,175
Contractual Services	34,979	30,740	4,239
Materials and Supplies	30,539	22,441	8,098
<i>Total Leisure Time Activities</i>	<u>199,399</u>	<u>183,887</u>	<u>15,512</u>
Community Development			
Community Development Urban Planner			
Personal Services	254,254	251,536	2,718
Contractual Services	26,924	26,924	0
Materials and Supplies	1,316	1,296	20
<i>Total Community Development Urban Planner</i>	<u>282,494</u>	<u>279,756</u>	<u>2,738</u>
Building Inspection and Zoning Enforcement			
Personal Services	348,395	342,627	5,768
Contractual Services	48,103	43,613	4,490
Materials and Supplies	13,213	12,453	760
<i>Total Building Inspection and Zoning Enforcement</i>	<u>409,711</u>	<u>398,693</u>	<u>11,018</u>
<i>Total Community Development</i>	<u>692,205</u>	<u>678,449</u>	<u>13,756</u>
Capital Outlay			
Capital Outlay	9,701	9,201	500
<i>Total Expenditures</i>	<u>7,021,084</u>	<u>6,743,700</u>	<u>277,384</u>
<i>Excess of Revenues Over Expenditures</i>	<u>9,080,865</u>	<u>9,349,013</u>	<u>268,148</u>
Other Financing Sources (Uses):			
Bonds Issued	11,640	11,640	0
Transfers-In	65,178	65,178	0
Advances-In	248,668	248,218	(450)
Advances-Out	(373,110)	(360,107)	13,003
Transfers-Out	(9,581,576)	(9,579,576)	2,000
<i>Total Other Financing Sources (Uses)</i>	<u>(9,629,200)</u>	<u>(9,614,647)</u>	<u>14,553</u>
<i>Net Change in Fund Balance</i>	(548,335)	(265,634)	282,701
<i>Fund Balance at Beginning of Year</i>	2,563,735	2,563,735	0
<i>Prior Year Encumbrances Appropriated</i>	299,338	299,338	0
<i>Fund Balance at End of Year</i>	<u>\$2,314,738</u>	<u>\$2,597,439</u>	<u>\$282,701</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire and EMS Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$376,389	\$376,815	\$426
Fines, Licenses and Permits	1,200	3,015	1,815
Charges for Services	1,724,729	1,754,887	30,158
Intergovernmental	70,625	70,576	(49)
Other	0	1,411	1,411
<i>Total Revenues</i>	<u>2,172,943</u>	<u>2,206,704</u>	<u>33,761</u>
Expenditures:			
Current:			
Public Safety			
Fire Administrative Services			
Personal Services	380,037	376,317	3,720
Contractual Services	424,134	415,609	8,525
Materials and Supplies	27,133	26,455	678
<i>Total Fire Administrative Services</i>	<u>831,304</u>	<u>818,381</u>	<u>12,923</u>
Fire Life Safety			
Personal Services	133,833	130,531	3,302
Contractual Services	365	235	130
Materials and Supplies	3,859	3,725	134
<i>Total Fire Life Safety</i>	<u>138,057</u>	<u>134,491</u>	<u>3,566</u>
Fire Operations			
Personal Services	4,495,582	4,475,312	20,270
Contractual Services	32,911	32,801	110
Materials and Supplies	142,031	141,881	150
<i>Total Fire Operations</i>	<u>4,670,524</u>	<u>4,649,994</u>	<u>20,530</u>
Training			
Personal Services	125,402	125,281	121
Contractual Services	6,436	6,436	0
Materials and Supplies	2,215	2,215	0
<i>Total Training</i>	<u>134,053</u>	<u>133,932</u>	<u>121</u>
<i>Total Public Safety</i>	<u>5,773,938</u>	<u>5,736,798</u>	<u>37,140</u>
Capital Outlay			
Capital Outlay	1,500	1,500	0
<i>Total Expenditures</i>	<u>5,775,438</u>	<u>5,738,298</u>	<u>37,140</u>
<i>Excess of Revenues Under Expenditures</i>	(3,602,495)	(3,531,594)	70,901
Other Financing Sources:			
Transfers-In	3,502,831	3,502,831	0
<i>Net Change in Fund Balance</i>	(99,664)	(28,763)	70,901
<i>Fund Balance at Beginning of Year</i>	1,806	1,806	0
<i>Prior Year Encumbrances Appropriated</i>	123,025	123,025	0
<i>Fund Balance at End of Year</i>	<u>\$25,167</u>	<u>\$96,068</u>	<u>\$70,901</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$152,613	\$150,683	(\$1,930)
Fines, Licenses and Permits	1,750	1,620	(130)
Intergovernmental	185,785	217,886	32,101
Contributions and Donations	0	17,535	17,535
Other	6,100	7,182	1,082
<i>Total Revenues</i>	<u>346,248</u>	<u>394,906</u>	<u>48,658</u>
Expenditures:			
Current:			
Public Safety			
Police Administrative Services			
Personal Services	480,663	476,434	4,229
Contractual Services	350,147	347,978	2,169
Materials and Supplies	34,936	33,169	1,767
<i>Total Police Administrative Services</i>	<u>865,746</u>	<u>857,581</u>	<u>8,165</u>
Police Dispatch			
Personal Services	707,357	691,803	15,554
Contractual Services	71,777	65,610	6,167
<i>Total Police Dispatch</i>	<u>779,134</u>	<u>757,413</u>	<u>21,721</u>
Police Detective Section			
Personal Services	656,062	646,132	9,930
Contractual Services	4,428	4,177	251
Materials and Supplies	22,196	21,946	250
<i>Total Police Detective Section</i>	<u>682,686</u>	<u>672,255</u>	<u>10,431</u>
Police Patrol Section			
Personal Services	3,177,686	3,165,630	12,056
Contractual Services	8,287	5,813	2,474
Materials and Supplies	149,532	147,624	1,908
<i>Total Police Patrol Section</i>	<u>3,335,505</u>	<u>3,319,067</u>	<u>16,438</u>
Police Animal Control			
Contractual Services	105	0	105
D.A.R.E.			
Personal Services	108,111	106,561	1,550
Contractual Services	2,503	2,503	0
<i>Total D.A.R.E.</i>	<u>110,614</u>	<u>109,064</u>	<u>1,550</u>
<i>Total Public Safety</i>	<u>\$5,773,790</u>	<u>\$5,715,380</u>	<u>\$58,410</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay			
Capital Outlay	\$3,400	\$3,340	\$60
<i>Total Expenditures</i>	<u>5,777,190</u>	<u>5,718,720</u>	<u>58,470</u>
<i>Excess of Revenues Under Expenditures</i>	(5,430,942)	(5,323,814)	107,128
Other Financing Sources:			
Transfers-In	<u>5,394,744</u>	<u>5,394,744</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(36,198)	70,930	107,128
<i>Fund Balance at Beginning of Year</i>	21,010	21,010	0
<i>Prior Year Encumbrances Appropriated</i>	<u>87,533</u>	<u>87,533</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$72,345</u></u>	<u><u>\$179,473</u></u>	<u><u>\$107,128</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
County Motor Vehicle Tax Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$1,874,991	\$1,932,423	\$57,432
Investment Earnings	10,000	15,800	5,800
Intergovernmental	404,000	251,706	(152,294)
Other	13,000	13,034	34
<i>Total Revenues</i>	<u>2,301,991</u>	<u>2,212,963</u>	<u>(89,028)</u>
Expenditures:			
Current:			
Transportation and Street Repair Maple Ave. Curb Resurfacing Contractual Services	30,000	28,081	1,919
Dayton Yellow Springs Road Phase II Contractual Services	9,000	9,000	0
Dayton Yellow Springs Resurfacing Contractual Services	8,203	8,203	0
Spangler Road Improvements Contractual Services	30,335	30,335	0
Street Tax Levy Contractual Services	176,829	139,123	37,706
<i>Total Transportation and Street Repair</i>	254,367	214,742	39,625
Capital Outlay Capital Outlay	4,139,587	3,044,289	1,095,298
<i>Total Expenditures</i>	<u>4,393,954</u>	<u>3,259,031</u>	<u>1,134,923</u>
<i>Net Change in Fund Balance</i>	(2,091,963)	(1,046,068)	1,045,895
<i>Fund Balance at Beginning of Year</i>	1,319,927	1,319,927	0
<i>Prior Year Encumbrances Appropriated</i>	1,593,691	1,593,691	0
<i>Fund Balance at End of Year</i>	<u>\$821,655</u>	<u>\$1,867,550</u>	<u>\$1,045,895</u>

City of Fairborn, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Non-GAAP Basis)
 Clean Ohio Revitalization Fund
 For the Year Ended December 31, 2011*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$1,281,364	\$1,675,978	\$394,614
Expenditures:			
Current:			
General Government			
Calamityville			
Contractual Services	1,625,978	1,625,978	0
<i>Net Change in Fund Balance</i>	(344,614)	50,000	394,614
<i>Fund Balance (Deficit) at Beginning of Year</i>	(394,614)	(394,614)	0
<i>Prior Year Encumbrances Appropriated</i>	394,614	394,614	0
<i>Fund Balance at End of Year</i>	(\$344,614)	\$50,000	\$394,614

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Bond Retirement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$127,179	\$125,967	(\$1,212)
Charges for Services	66,237	61,397	(4,840)
Intergovernmental	14,131	15,743	1,612
Special Assessments	408,558	454,156	45,598
<i>Total Revenues</i>	<u>616,105</u>	<u>657,263</u>	<u>41,158</u>
Expenditures:			
Current:			
General Government			
Special Assessments			
Contractual Services	38,477	34,174	4,303
Debt Service			
Principal Retirement	518,000	518,000	0
Interest and Fiscal Charges	124,018	123,394	624
<i>Total Expenditures</i>	<u>680,495</u>	<u>675,568</u>	<u>4,927</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(64,390)	(18,305)	46,085
Other Financing Sources:			
Bonds Issued	0	3,570	3,570
<i>Net Change in Fund Balance</i>	(64,390)	(14,735)	49,655
<i>Fund Balance at Beginning of Year</i>	295,174	295,174	0
<i>Prior Year Encumbrances Appropriated</i>	2,894	2,894	0
<i>Fund Balance at End of Year</i>	<u>\$233,678</u>	<u>\$283,333</u>	<u>\$49,655</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Financing Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Revenue in Lieu of Taxes	\$100,000	\$115,527	\$15,527
Expenditures:			
Current:			
General Government			
Tax Increment Financing			
Contractual Services	13,355	13,321	34
Debt Service			
Principal Retirement	1,833,982	1,833,361	621
Interest and Fiscal Charges	54,617	54,617	0
<i>Total Debt Service</i>	1,888,599	1,887,978	621
<i>Total Expenditures</i>	1,901,954	1,901,299	655
<i>Excess of Revenues Under Expenditures</i>	(1,801,954)	(1,785,772)	16,182
Other Financing Sources:			
Notes Issued	1,845,762	1,765,762	(80,000)
Premium on Notes Issued	0	15,923	15,923
<i>Total Other Financing Sources</i>	1,845,762	1,781,685	(64,077)
<i>Net Change in Fund Balance</i>	43,808	(4,087)	(47,895)
<i>Fund Balance at Beginning of Year</i>	7,106	7,106	0
<i>Fund Balance at End of Year</i>	\$50,914	\$3,019	(\$47,895)

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Water Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$3,766,825	\$4,023,684	\$256,859
Tap-In Fees	40,000	43,300	3,300
Investment Earnings	30,000	17,566	(12,434)
Notes Issued	5,603,392	5,603,395	3
Other	9,500	18,796	9,296
<i>Total Revenues</i>	<u>9,449,717</u>	<u>9,706,741</u>	<u>257,024</u>
Expenses:			
Personal Services	1,087,449	1,057,522	29,927
Contractual Services	1,535,243	1,518,337	16,906
Materials and Supplies	227,082	221,982	5,100
Capital Outlay	2,455,344	1,300,372	1,154,972
Debt Service:			
Principal Retirement	4,462,178	4,462,178	0
Interest and Fiscal Charges	119,454	119,454	0
<i>Total Expenses</i>	<u>9,886,750</u>	<u>8,679,845</u>	<u>1,206,905</u>
<i>Excess of Revenues Under Expenses</i>	(437,033)	1,026,896	1,463,929
Transfers-In	10,002	0	(10,002)
Transfers-Out	(17,037)	0	17,037
<i>Net Change in Fund Equity</i>	(444,068)	1,026,896	1,470,964
<i>Fund Equity at Beginning of Year</i>	3,735,392	3,735,392	0
<i>Prior Year Encumbrances Appropriated</i>	364,853	364,853	0
<i>Fund Equity at End of Year</i>	<u><u>\$3,656,177</u></u>	<u><u>\$5,127,141</u></u>	<u><u>\$1,470,964</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sewer Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$5,819,333	\$5,965,145	\$145,812
Tap-In Fees	20,000	41,315	21,315
Investment Earnings	10,000	8,582	(1,418)
Other	6,184	6,633	449
<i>Total Revenues</i>	<u>5,855,517</u>	<u>6,021,675</u>	<u>166,158</u>
Expenses:			
Personal Services	1,538,883	1,442,876	96,007
Contractual Services	2,673,091	2,529,993	143,098
Materials and Supplies	329,431	295,691	33,740
Capital Outlay	1,159,890	275,067	884,823
Debt Service:			
Principal Retirement	863,600	863,600	0
Interest and Fiscal Charges	422,473	422,473	0
<i>Total Expenses</i>	<u>6,987,368</u>	<u>5,829,700</u>	<u>1,157,668</u>
Transfers-Out	<u>(45,905)</u>	<u>0</u>	<u>45,905</u>
<i>Net Change in Fund Equity</i>	(1,177,756)	191,975	1,369,731
<i>Fund Equity at Beginning of Year</i>	3,746,182	3,746,182	0
<i>Prior Year Encumbrances Appropriated</i>	<u>409,553</u>	<u>409,553</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$2,977,979</u></u>	<u><u>\$4,347,710</u></u>	<u><u>\$1,369,731</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sanitation Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$2,394,318	\$2,534,196	\$139,878
Expenses:			
Personal Services	106,877	101,654	5,223
Contractual Services	2,751,217	2,695,799	55,418
Materials and Supplies	29,447	25,447	4,000
<i>Total Expenses</i>	2,887,541	2,822,900	64,641
<i>Net Change in Fund Equity</i>	(493,223)	(288,704)	204,519
<i>Fund Equity at Beginning of Year</i>	511,344	511,344	0
<i>Prior Year Encumbrances Appropriated</i>	313,353	313,353	0
<i>Fund Equity at End of Year</i>	\$331,474	\$535,993	\$204,519

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Maintenance and Repair Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$0	\$5,995	\$5,995
Intergovernmental	1,103,155	1,104,832	1,677
Other	1,101	49,536	48,435
<i>Total Revenues</i>	<u>1,104,256</u>	<u>1,160,363</u>	<u>56,107</u>
Expenditures:			
Current:			
Transportation and Street Repair			
General Street Administration			
Personal Services	130,193	123,647	6,546
Contractual Services	133,708	121,956	11,752
Materials and Supplies	5,332	5,207	125
<i>Total General Street Administration</i>	<u>269,233</u>	<u>250,810</u>	<u>18,423</u>
Maintenance and Repairs			
Personal Services	379,708	347,884	31,824
Contractual Services	5,640	5,463	177
Materials and Supplies	340,219	338,560	1,659
<i>Total Maintenance and Repairs</i>	<u>725,567</u>	<u>691,907</u>	<u>33,660</u>
Traffic Signs and Signals			
Personal Services	116,006	109,281	6,725
Contractual Services	63,086	36,099	26,987
Materials and Supplies	47,669	29,911	17,758
<i>Total Traffic Signs and Signals</i>	<u>226,761</u>	<u>175,291</u>	<u>51,470</u>
<i>Total Transportation and Street Repair</i>	<u>1,221,561</u>	<u>1,118,008</u>	<u>103,553</u>
Capital Outlay			
Capital Outlay	219,880	208,709	11,171
<i>Total Expenditures</i>	<u>1,441,441</u>	<u>1,326,717</u>	<u>114,724</u>
<i>Excess of Revenues Under Expenditures</i>	(337,185)	(166,354)	170,831
Other Financing Uses:			
Transfers-Out	(13,300)	0	13,300
<i>Net Change in Fund Balance</i>	(350,485)	(166,354)	184,131
<i>Fund Balance at Beginning of Year</i>	842,544	842,544	0
<i>Prior Year Encumbrances Appropriated</i>	<u>263,875</u>	<u>263,875</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$755,934</u></u>	<u><u>\$940,065</u></u>	<u><u>\$184,131</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$0	\$1,026	\$1,026
Intergovernmental	89,445	89,581	136
<i>Total Revenues</i>	<u>89,445</u>	<u>90,607</u>	<u>1,162</u>
Expenditures:			
Current:			
Transportation and Street Repair			
State Highway Maintenance			
Personal Services	61,535	59,139	2,396
Contractual Services	5,620	3,916	1,704
Materials and Supplies	27,932	27,808	124
<i>Total Expenditures</i>	<u>95,087</u>	<u>90,863</u>	<u>4,224</u>
<i>Net Change in Fund Balance</i>	(5,642)	(256)	5,386
<i>Fund Balance at Beginning of Year</i>	167,052	167,052	0
<i>Prior Year Encumbrances Appropriated</i>	<u>6,161</u>	<u>6,161</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$167,571</u></u>	<u><u>\$172,957</u></u>	<u><u>\$5,386</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$20,100	\$40,585	\$20,485
Other	50	126	76
<i>Total Revenues</i>	<u>20,150</u>	<u>40,711</u>	<u>20,561</u>
Expenditures:			
Current:			
Public Health and Welfare			
Cemetery Operations			
Personal Services	73,158	73,030	128
Contractual Services	16,837	16,300	537
Materials and Supplies	10,720	10,642	78
<i>Total Expenditures</i>	<u>100,715</u>	<u>99,972</u>	<u>743</u>
<i>Excess of Revenues Under Expenditures</i>	(80,565)	(59,261)	21,304
Other Financing Sources:			
Transfers-In	74,481	74,481	0
<i>Net Change in Fund Balance</i>	(6,084)	15,220	21,304
<i>Fund Balance at Beginning of Year</i>	1,527	1,527	0
<i>Prior Year Encumbrances Appropriated</i>	6,249	6,249	0
<i>Fund Balance at End of Year</i>	<u>\$1,692</u>	<u>\$22,996</u>	<u>\$21,304</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Development Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$446,298	\$304,250	(\$142,048)
Other	3,408	6,322	2,914
<i>Total Revenues</i>	<u>449,706</u>	<u>310,572</u>	<u>(139,134)</u>
Expenditures:			
Current:			
Community Development			
Entitlement Administration			
Personal Services	44,210	43,082	1,128
Contractual Services	6,051	3,685	2,366
Materials and Supplies	1,465	1,359	106
<i>Total Entitlement Administration</i>	<u>51,726</u>	<u>48,126</u>	<u>3,600</u>
Entitlement Housing Rehab			
Personal Services	26,878	16,136	10,742
Contractual Services	43,682	35,230	8,452
<i>Total Entitlement Housing Rehab</i>	<u>70,560</u>	<u>51,366</u>	<u>19,194</u>
Entitlement Emergency Rehab			
Personal Services	1,706	1,007	699
Contractual Services	12,289	11,789	500
<i>Total Entitlement Emergency Rehab</i>	<u>13,995</u>	<u>12,796</u>	<u>1,199</u>
Code Enforcement			
Personal Services	110,303	109,725	578
Contractual Services	12,812	7,898	4,914
Materials and Supplies	6,575	5,335	1,240
<i>Total Code Enforcement</i>	<u>129,690</u>	<u>122,958</u>	<u>6,732</u>
Entitlement Fair Housing			
Contractual Services	6,620	6,620	0
Materials and Supplies	380	380	0
<i>Total Entitlement Fair Housing</i>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Downtown Streetscape Project			
Personal Services	3,427	2,185	1,242
Contractual Services	3,100	2,750	350
<i>Total Downtown Streetscape Project</i>	<u>6,527</u>	<u>4,935</u>	<u>1,592</u>
Tool Lending Closet			
Personal Services	2,366	1,879	487
Materials and Supplies	1,100	1,000	100
<i>Total Lending Closet</i>	<u>\$3,466</u>	<u>\$2,879</u>	<u>\$587</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Development Fund
For the Year Ended December 31, 2011
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Downtown FA/ADE Project			
Personal Services	\$3,117	\$1,378	\$1,739
Contractual Services	29,883	29,683	200
<i>Total Downtown FA/ADE Project</i>	<u>33,000</u>	<u>31,061</u>	<u>1,939</u>
<i>Total Community Development</i>	<u>315,964</u>	<u>281,121</u>	<u>34,843</u>
Capital Outlay			
Capital Outlay	7,537	6,915	622
<i>Total Expenditures</i>	<u>323,501</u>	<u>288,036</u>	<u>35,465</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>126,205</u>	<u>22,536</u>	<u>(103,669)</u>
Other Financing Sources (Uses):			
Advances-In	60,000	55,000	(5,000)
Advances-Out	(12,000)	(12,000)	0
Transfers-Out	(65,178)	(65,178)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(17,178)</u>	<u>(22,178)</u>	<u>(5,000)</u>
<i>Net Change in Fund Balance</i>	109,027	358	(108,669)
<i>Fund Balance at Beginning of Year</i>	2,010	2,010	0
<i>Prior Year Encumbrances Appropriated</i>	<u>33,470</u>	<u>33,470</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$144,507</u>	<u>\$35,838</u>	<u>(\$108,669)</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Neighborhood Stabilization Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$449,052	\$449,058	\$6
Other	0	72	72
<i>Total Revenues</i>	<u>449,052</u>	<u>449,130</u>	<u>78</u>
Expenditures:			
Current:			
Community and Economic Development			
Neighborhood Stabilization Program			
Personal Services	12,678	12,128	550
Contractual Services	36,853	27,769	9,084
Materials and Supplies	750	742	8
<i>Total Community Development</i>	<u>50,281</u>	<u>40,639</u>	<u>9,642</u>
Capital Outlay			
Capital Outlay	352,819	352,448	371
<i>Total Expenditures</i>	<u>403,100</u>	<u>393,087</u>	<u>10,013</u>
<i>Excess of Revenues Under Expenditures</i>	<u>45,952</u>	<u>56,043</u>	<u>10,091</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	120,000	120,000	0
Advances-In	95,000	95,000	0
Advances-Out	(183,750)	(183,750)	0
<i>Total Other Financing Sources (Uses)</i>	<u>31,250</u>	<u>31,250</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	77,202	87,293	10,091
<i>Fund Balance (Deficit) at Beginning of Year</i>	(324,960)	(324,960)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>333,812</u>	<u>333,812</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$86,054</u></u>	<u><u>\$96,145</u></u>	<u><u>\$10,091</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Neighborhood Stabilization II Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$138,158	\$138,158	\$0
Expenditures:			
Current:			
Community Development			
Neighborhood Stabilization Program			
Personal Services	7,827	7,279	548
Contractual Services	21,835	21,633	202
Materials and Supplies	150	143	7
<i>Total Community Development</i>	29,812	29,055	757
Capital Outlay			
Capital Outlay	206,785	206,492	293
<i>Total Expenditures</i>	236,597	235,547	1,050
<i>Excess of Revenues Under Expenditures</i>	(98,439)	(97,389)	1,050
Other Financing Sources (Uses):			
Advances-In	120,000	120,000	0
Advances-Out	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	95,000	95,000	0
<i>Net Change in Fund Balance</i>	(3,439)	(2,389)	1,050
<i>Fund Balance (Deficit) at Beginning of Year</i>	(38,000)	(38,000)	0
<i>Prior Year Encumbrances Appropriated</i>	41,950	41,950	0
<i>Fund Balance at End of Year</i>	\$511	\$1,561	\$1,050

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Victim Witness Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$12,671	\$12,671	\$0
Intergovernmental	58,016	58,018	2
<i>Total Revenues</i>	<u>70,687</u>	<u>70,689</u>	<u>2</u>
Expenditures:			
Current:			
Public Safety			
Administration			
Personal Services	78,980	78,912	68
Contractual Services	2,133	1,767	366
Materials and Supplies	1,900	1,900	0
<i>Total Expenditures</i>	<u>83,013</u>	<u>82,579</u>	<u>434</u>
<i>Excess of Revenues Under Expenditures</i>	(12,326)	(11,890)	436
Other Financing Sources:			
Transfers-In	9,407	9,407	0
<i>Net Change in Fund Balance</i>	(2,919)	(2,483)	436
<i>Fund Balance at Beginning of Year</i>	4,644	4,644	0
<i>Prior Year Encumbrances Appropriated</i>	620	620	0
<i>Fund Balance at End of Year</i>	<u>\$2,345</u>	<u>\$2,781</u>	<u>\$436</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Home Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Community and Economic Development			
Neighborhood Betterment			
Personal Services	8,827	6,941	1,886
Contractual Services	107,673	105,330	2,343
<i>Total Expenditures</i>	116,500	112,271	4,229
<i>Excess of Revenues Under Expenditures</i>	(116,500)	(112,271)	4,229
Other Financing Sources (Uses):			
Transfers-In	65,178	65,178	0
Advances-In	80,382	72,382	(8,000)
Advances-Out	(20,382)	(20,382)	0
<i>Total Other Financing Sources (Uses)</i>	125,178	117,178	(8,000)
<i>Net Change in Fund Balance</i>	8,678	4,907	(3,771)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$8,678	\$4,907	(\$3,771)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Victims Assistance ARRA Justice Assistance Grant Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$6,383	\$6,383	\$0
Other Financing Uses:			
Advances-Out	(7,000)	(7,000)	0
<i>Net Change in Fund Balance</i>	(617)	(617)	0
<i>Fund Balance at Beginning of Year</i>	617	617	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Victim Witness Justice Assistance Grant Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$31,380	\$31,380	\$0
Expenditures:			
Current:			
Public Safety			
Administration			
Personal Services	53,735	53,111	624
<i>Excess of Revenues Under Expenditures</i>	(22,355)	(21,731)	624
Other Financing Sources:			
Transfers-In	14,190	14,190	0
Advances-In	15,000	15,000	0
<i>Total Other Financing Sources</i>	29,190	29,190	0
<i>Net Change in Fund Balance</i>	6,835	7,459	624
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$6,835	\$7,459	\$624

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Employee Awards Program
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Donations	\$2,000	\$2,173	\$173
Expenditures:			
Current:			
General Government Administration			
Contractual Services	2,000	1,500	500
<i>Net Change in Fund Balance</i>	0	673	673
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$673	\$673

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Festival Overtime Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Donations	\$9,300	\$9,300	\$0
Other	4,060	4,060	0
<i>Total Revenues</i>	<u>13,360</u>	<u>13,360</u>	<u>0</u>
Expenditures:			
Current:			
General Government			
Administration			
Personal Services	13,085	12,731	354
<i>Net Change in Fund Balance</i>	275	629	354
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$275</u></u>	<u><u>\$629</u></u>	<u><u>\$354</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Lighting Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$137,486	\$137,487	\$1
Intergovernmental	38,701	38,702	1
<i>Total Revenues</i>	176,187	176,189	2
Expenditures:			
Current:			
Public Safety			
Street Lighting			
Contractual Services	346,896	346,604	292
<i>Excess of Revenues Under Expenditures</i>	(170,709)	(170,415)	294
Other Financing Sources:			
Transfers-In	151,007	151,007	0
<i>Net Change in Fund Balance</i>	(19,702)	(19,408)	294
<i>Fund Balance at Beginning of Year</i>	4	4	0
<i>Prior Year Encumbrances Appropriated</i>	35,745	35,745	0
<i>Fund Balance at End of Year</i>	\$16,047	\$16,341	\$294

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Law Enforcement Trust Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Donations	\$5,500	\$17,550	\$12,050
Other	52,500	141,224	88,724
<i>Total Revenues</i>	<u>58,000</u>	<u>158,774</u>	<u>100,774</u>
Expenditures:			
Current:			
Public Safety			
Safety City			
Contractual Services	6,148	5,049	1,099
Materials and Supplies	15,814	15,364	450
<i>Total Safety City</i>	<u>21,962</u>	<u>20,413</u>	<u>1,549</u>
DARE Program			
Contractual Services	3,000	2,911	89
Materials and Supplies	5,370	5,029	341
<i>Total DARE Program</i>	<u>8,370</u>	<u>7,940</u>	<u>430</u>
Safety City Program			
Personal Services	2,006	0	2,006
Materials and Supplies	1,450	0	1,450
<i>Total Safety City Program</i>	<u>3,456</u>	<u>0</u>	<u>3,456</u>
<i>Total Public Safety</i>	<u>33,788</u>	<u>28,353</u>	<u>5,435</u>
Capital Outlay			
Capital Outlay	42,500	42,500	0
<i>Total Expenditures</i>	<u>76,288</u>	<u>70,853</u>	<u>5,435</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(18,288)	87,921	106,209
Other Financing Sources:			
Proceeds from Sale of Capital Assets	\$3,000	\$22,279	\$19,279
<i>Net Change in Fund Balance</i>	(15,288)	110,200	125,488
<i>Fund Balance at Beginning of Year</i>	41,554	41,554	0
<i>Prior Year Encumbrances Appropriated</i>	6,068	6,068	0
<i>Fund Balance at End of Year</i>	<u>\$32,334</u>	<u>\$157,822</u>	<u>\$125,488</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Drug Law Enforcement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$3,000	\$3,755	\$755
Expenditures:			
Current:			
Public Safety			
Drug Law Enforcement			
Contractual Services	1,000	0	1,000
Materials and Supplies	2,000	0	2,000
<i>Total Expenditures</i>	3,000	0	3,000
<i>Net Change in Fund Balance</i>	0	3,755	3,755
<i>Fund Balance at Beginning of Year</i>	6,776	6,776	0
<i>Prior Year Encumbrances Appropriated</i>	7,000	7,000	0
<i>Fund Balance at End of Year</i>	\$13,776	\$17,531	\$3,755

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
City Motor Vehicle License Tax Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Capital Outlay	467,684	467,684	0
<i>Net Change in Fund Balance</i>	(467,684)	(467,684)	0
<i>Prior Year Encumbrances Appropriated</i>	467,684	467,684	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Indigent Drivers Alcohol Treatment Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$22,275	\$37,812	\$15,537
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	79,028	56,799	22,229
<i>Net Change in Fund Balance</i>	(56,753)	(18,987)	37,766
<i>Fund Balance at Beginning of Year</i>	379,271	379,271	0
<i>Prior Year Encumbrances Appropriated</i>	228	228	0
<i>Fund Balance at End of Year</i>	\$322,746	\$360,512	\$37,766

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Alcohol Enforcement and Education Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$3,510	\$2,176	(\$1,334)
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Materials and Supplies	1,600	1,202	398
<i>Net Change in Fund Balance</i>	1,910	974	(936)
<i>Fund Balance at Beginning of Year</i>	8,265	8,265	0
<i>Prior Year Encumbrances Appropriated</i>	3,736	3,736	0
<i>Fund Balance at End of Year</i>	<u>\$13,911</u>	<u>\$12,975</u>	<u>(\$936)</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Federal Forfeitures Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$50,000	\$8,196	(\$41,804)
Investment Earnings	3,000	1,401	(1,599)
Intergovernmental	4,000	5,730	1,730
<i>Total Revenues</i>	<u>57,000</u>	<u>15,327</u>	<u>(41,673)</u>
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	10,000	1,824	8,176
Materials and Supplies	15,000	3,770	11,230
<i>Total Public Safety</i>	25,000	5,594	19,406
Capital Outlay			
Capital Outlay	85,000	22,486	62,514
<i>Total Expenditures</i>	<u>110,000</u>	<u>28,080</u>	<u>81,920</u>
<i>Net Change in Fund Balance</i>	(53,000)	(12,753)	40,247
<i>Fund Balance at Beginning of Year</i>	241,198	241,198	0
<i>Prior Year Encumbrances Appropriated</i>	2,479	2,479	0
<i>Fund Balance at End of Year</i>	<u>\$190,677</u>	<u>\$230,924</u>	<u>\$40,247</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Municipal Probation Services Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$79,650	\$79,762	\$112
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Personal Services	128,720	123,805	4,915
Contractual Services	5,543	2,743	2,800
Materials and Supplies	3,438	3,438	0
<i>Total Public Safety</i>	137,701	129,986	7,715
Capital Outlay			
Capital Outlay	2,000	2,000	0
<i>Total Expenditures</i>	139,701	131,986	7,715
<i>Net Change in Fund Balance</i>	(60,051)	(52,224)	7,827
<i>Fund Balance at Beginning of Year</i>	184,353	184,353	0
<i>Prior Year Encumbrances Appropriated</i>	2,899	2,899	0
<i>Fund Balance at End of Year</i>	\$127,201	\$135,028	\$7,827

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Traffic Intervention Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$11,400	\$13,408	\$2,008
Expenditures:			
Public Safety			
Law Enforcement			
Personal Services	15,436	15,349	87
<i>Net Change in Fund Balance</i>	(4,036)	(1,941)	2,095
<i>Fund Balance at Beginning of Year</i>	14,796	14,796	0
<i>Fund Balance at End of Year</i>	\$10,760	\$12,855	\$2,095

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Court Legal Research/Computerization Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$51,461	\$27,285	(\$24,176)
Other	0	505	505
<i>Total Revenues</i>	<u>51,461</u>	<u>27,790</u>	<u>(23,671)</u>
Expenditures:			
Current:			
General Government			
Municipal Court			
Contractual Services	29,368	18,972	10,396
Capital Outlay			
Capital Outlay	49,250	49,250	0
<i>Total Expenditures</i>	<u>78,618</u>	<u>68,222</u>	<u>10,396</u>
<i>Net Change in Fund Balance</i>	(27,157)	(40,432)	(13,275)
<i>Fund Balance at Beginning of Year</i>	91,859	91,859	0
<i>Prior Year Encumbrances Appropriated</i>	14,000	14,000	0
<i>Fund Balance at End of Year</i>	<u><u>\$78,702</u></u>	<u><u>\$65,427</u></u>	<u><u>(\$13,275)</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Court Clerk Computerization Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$164,864	\$127,748	(\$37,116)
Expenditures:			
Current:			
General Government			
Municipal Court			
Personal Services	29,513	28,644	869
Contractual Services	24,756	20,756	4,000
Materials and Supplies	1,781	281	1,500
<i>Total General Government</i>	56,050	49,681	6,369
Capital Outlay			
Capital Outlay	76,575	76,575	0
<i>Total Expenditures</i>	132,625	126,256	6,369
<i>Net Change in Fund Balance</i>	32,239	1,492	(30,747)
<i>Fund Balance at Beginning of Year</i>	156,208	156,208	0
<i>Prior Year Encumbrances Appropriated</i>	21,325	21,325	0
<i>Fund Balance at End of Year</i>	\$209,772	\$179,025	(\$30,747)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Indigent Driver's Interlock and Alcohol Monitoring Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$39,000	\$26,620	(\$12,380)
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	10,000	10,000	0
<i>Net Change in Fund Balance</i>	29,000	16,620	(12,380)
<i>Fund Balance at Beginning of Year</i>	42,757	42,757	0
<i>Fund Balance at End of Year</i>	<u>\$71,757</u>	<u>\$59,377</u>	<u>(\$12,380)</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Byrne Justice Assistance Grant Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$14,220	\$7,110	(\$7,110)
Expenditures:			
Current:			
Public Safety			
Byrne Justice Assistance Grant			
Materials and Supplies	7,110	7,110	0
<i>Net Change in Fund Balance</i>	7,110	0	(7,110)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$7,110	\$0	(\$7,110)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Federal Emergency Management Agency Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$15,376	\$15,376	\$0
Expenditures:			
Current:			
Security of Persons and Property			
Fire Operations			
Personal Services	15,376	15,376	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Uninsured Loss Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$83,600	\$109,862	\$26,262
Expenditures:			
Current:			
General Government			
Uninsured Loss			
Contractual Services	124,360	124,360	0
Materials and Supplies	13,500	13,500	0
<i>Total General Government</i>	137,860	137,860	0
Capital Outlay			
Capital Outlay	47,500	27,500	20,000
<i>Total Expenditures</i>	185,360	165,360	20,000
<i>Net Change in Fund Balance</i>	(101,760)	(55,498)	46,262
<i>Fund Balance at Beginning of Year</i>	85,897	85,897	0
<i>Prior Year Encumbrances Appropriated</i>	37,423	37,423	0
<i>Fund Balance at End of Year</i>	\$21,560	\$67,822	\$46,262

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Court Special Projects Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$165,015	\$160,260	(\$4,755)
Expenditures:			
Current:			
General Government			
Skyway Plaza Improvement			
Personal Services	50,597	50,069	528
Contractual Services	134,899	134,899	0
<i>Total General Government</i>	185,496	184,968	528
Capital Outlay			
Capital Outlay	4,056	3,505	551
<i>Total Expenditures</i>	189,552	188,473	1,079
<i>Net Change in Fund Balance</i>	(24,537)	(28,213)	(3,676)
<i>Fund Balance at Beginning of Year</i>	95,972	95,972	0
<i>Prior Year Encumbrances Appropriated</i>	3,000	3,000	0
<i>Fund Balance at End of Year</i>	\$74,435	\$70,759	(\$3,676)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Capital Improvement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$10,000	\$2,617	(\$7,383)
Other	0	2,325	2,325
<i>Total Revenues</i>	<u>10,000</u>	<u>4,942</u>	<u>(5,058)</u>
Expenditures:			
Current:			
General Government			
General Capital Improvement			
Contractual Services	2,000	0	2,000
Materials and Supplies	30,000	20,000	10,000
<i>Total General Government</i>	<u>32,000</u>	<u>20,000</u>	<u>12,000</u>
Capital Outlay			
Capital Outlay	109,267	69,804	39,463
Debt Service			
Interest and Fiscal Charges	2,381	2,379	2
<i>Total Expenditures</i>	<u>143,648</u>	<u>92,183</u>	<u>51,465</u>
<i>Excess of Revenues Under Expenditures</i>	(133,648)	(87,241)	46,407
Other Financing Sources:			
Transfers-In	158,987	147,095	(11,892)
<i>Net Change in Fund Balance</i>	25,339	59,854	34,515
<i>Fund Balance at Beginning of Year</i>	443,632	443,632	0
<i>Prior Year Encumbrances Appropriated</i>	<u>37,300</u>	<u>37,300</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$506,271</u>	<u>\$540,786</u>	<u>\$34,515</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Parks and Recreation Improvements Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$100,000	\$93,120	(\$6,880)
Charges for Services	16,738	20,555	3,817
Investment Earnings	10,000	1,420	(8,580)
Other	8,500	4,161	(4,339)
<i>Total Revenues</i>	<u>135,238</u>	<u>119,256</u>	<u>(15,982)</u>
Expenditures:			
Current:			
Leisure Time Activities			
Park and Recreation Improvements			
Contractual Services	6,000	6,000	0
Materials and Supplies	26,379	26,379	0
<i>Total Leisure Time Activities</i>	32,379	32,379	0
Capital Outlay			
Capital Outlay	131,000	41,559	89,441
<i>Total Expenditures</i>	<u>163,379</u>	<u>73,938</u>	<u>89,441</u>
<i>Net Change in Fund Balance</i>	(28,141)	45,318	73,459
<i>Fund Balance at Beginning of Year</i>	193,583	193,583	0
<i>Prior Year Encumbrances Appropriated</i>	7,317	7,317	0
<i>Fund Balance at End of Year</i>	<u>\$172,759</u>	<u>\$246,218</u>	<u>\$73,459</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Source Water Protection Grant Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$8,750	\$0	(\$8,750)
Intergovernmental			0
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	8,750	0	(8,750)
<i>Fund Balance at Beginning of Year</i>	26,250	26,250	0
<i>Fund Balance at End of Year</i>	\$35,000	\$26,250	(\$8,750)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Homeland Security Grant
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$316,904	\$316,904	\$0
Expenditures:			
Current:			
Public Safety			
Homeland Security Equipment Grant			
Contractual Services	2,259	2,259	0
Capital Outlay			
Capital Outlay	317,283	317,283	0
<i>Total Expenditures</i>	319,542	319,542	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,638)	(2,638)	0
Other Financing Sources (Uses):			
Advances-In	2,724	2,724	0
Advances-Out	(86)	(86)	0
<i>Total Other Financing Sources (Uses)</i>	2,638	2,638	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Public Safety Equipment/Facility Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$1,927,075	\$1,932,422	\$5,347
Charges for Services	5,000	6,650	1,650
Investment Earnings	5,000	9,071	4,071
Other	15,134	13,730	(1,404)
<i>Total Revenues</i>	<u>1,952,209</u>	<u>1,961,873</u>	<u>9,664</u>
Expenditures:			
Current:			
General Government			
EMS Tax Levy			
Contractual Services	118,187	108,633	9,554
Materials and Supplies	168,254	165,754	2,500
<i>Total General Government</i>	<u>286,441</u>	<u>274,387</u>	<u>12,054</u>
Capital Outlay			
Capital Outlay	112,000	84,120	27,880
Debt Service			
Principal Retirement	1,105,000	1,105,000	0
Interest and Fiscal Charges	194,050	194,050	0
<i>Total Debt Service</i>	<u>1,299,050</u>	<u>1,299,050</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,697,491</u>	<u>1,657,557</u>	<u>39,934</u>
<i>Net Change in Fund Balance</i>	254,718	304,316	49,598
<i>Fund Balance at Beginning of Year</i>	666,902	666,902	0
<i>Prior Year Encumbrances Appropriated</i>	20,254	20,254	0
<i>Fund Balance at End of Year</i>	<u>\$941,874</u>	<u>\$991,472</u>	<u>\$49,598</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Building and Land Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$0	\$33,514	\$33,514
Expenditures:			
Current:			
General Government			
Building and Land			
Contractual Services	143,634	121,043	22,591
Materials and Supplies	40,125	35,025	5,100
<i>Total General Government</i>	183,759	156,068	27,691
Capital Outlay			
Capital Outlay	41,200	31,879	9,321
Debt Service			
Principal Retirement	165,000	165,000	0
Interest and Fiscal Charges	21,380	21,206	174
<i>Total Debt Service</i>	186,380	186,206	174
<i>Total Expenditures</i>	411,339	374,153	37,186
<i>Excess of Revenues Under Expenditures</i>	(411,339)	(340,639)	70,700
Other Financing Sources:			
Notes Issued	113,000	110,000	(3,000)
Premium on Notes Issued	0	1,900	1,900
Transfers-In	218,530	220,643	2,113
<i>Total Other Financing Sources</i>	331,530	332,543	1,013
<i>Net Change in Fund Balance</i>	(79,809)	(8,096)	71,713
<i>Fund Balance at Beginning of Year</i>	258,317	258,317	0
<i>Prior Year Encumbrances Appropriated</i>	27,824	27,824	0
<i>Fund Balance at End of Year</i>	\$206,332	\$278,045	\$71,713

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Special Assessment Construction Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$108,000	\$230,412	\$122,412
Expenditures:			
Current:			
General Government			
Special Assessments Construction	29,675	27,619	2,056
Capital Outlay			
Capital Outlay	210,603	210,040	563
Debt Service			
Principal Retirement	710,000	710,000	0
Interest and Fiscal Charges	11,352	7,163	4,189
Bond Issuance Cost	14,122	11,510	2,612
<i>Total Debt Service</i>	<i>735,474</i>	<i>728,673</i>	<i>6,801</i>
<i>Total Expenditures</i>	<i>975,752</i>	<i>966,332</i>	<i>9,420</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(867,752)</i>	<i>(735,920)</i>	<i>131,832</i>
Other Financing Sources:			
Bonds Issued	610,000	304,790	(305,210)
Notes Issued	400,000	240,000	(160,000)
Premium on Notes Issued	0	2,286	2,286
<i>Total Other Financing Sources</i>	<i>1,010,000</i>	<i>547,076</i>	<i>(462,924)</i>
<i>Net Change in Fund Balance</i>	<i>142,248</i>	<i>(188,844)</i>	<i>(331,092)</i>
<i>Fund Balance at Beginning of Year</i>	<i>273,178</i>	<i>273,178</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>46,156</i>	<i>46,156</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$461,582</i>	<i>\$130,490</i>	<i>(\$331,092)</i>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Equipment Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$1,245,415	\$1,258,687	\$13,272
Other	500	1,300	800
<i>Total Revenues</i>	<u>1,245,915</u>	<u>1,259,987</u>	<u>14,072</u>
Expenses:			
Personal Services	409,154	408,913	241
Contractual Services	47,096	45,331	1,765
Materials and Supplies	942,451	941,399	1,052
Capital Outlay	392	392	0
<i>Total Expenses</i>	<u>1,399,093</u>	<u>1,396,035</u>	<u>3,058</u>
<i>Net Change in Fund Equity</i>	(153,178)	(136,048)	17,130
<i>Fund Equity at Beginning of Year</i>	118,206	118,206	0
<i>Prior Year Encumbrances Appropriated</i>	<u>69,462</u>	<u>69,462</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$34,490</u></u>	<u><u>\$51,620</u></u>	<u><u>\$17,130</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Information Technology Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$422,066	\$422,066	\$0
Other	45	45	0
<i>Total Revenues</i>	<u>422,111</u>	<u>422,111</u>	<u>0</u>
Expenses:			
Personal Services	249,890	249,093	797
Contractual Services	150,465	150,100	365
Materials and Supplies	12,089	10,651	1,438
Capital Outlay	49,598	49,598	0
<i>Total Expenses</i>	<u>462,042</u>	<u>459,442</u>	<u>2,600</u>
<i>Net Change in Fund Equity</i>	(39,931)	(37,331)	2,600
<i>Fund Equity at Beginning of Year</i>	1,922	1,922	0
<i>Prior Year Encumbrances Appropriated</i>	<u>47,146</u>	<u>47,146</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$9,137</u></u>	<u><u>\$11,737</u></u>	<u><u>\$2,600</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Employee Assistance Program Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$5,000	\$1,494	(\$3,506)
Other	5,000	1,592	(3,408)
<i>Total Revenues</i>	<u>10,000</u>	<u>3,086</u>	<u>(6,914)</u>
Expenses:			
Personal Services	5,068	2,473	2,595
Contractual Services	8,675	7,180	1,495
<i>Total Expenses</i>	<u>13,743</u>	<u>9,653</u>	<u>4,090</u>
<i>Net Change in Fund Equity</i>	(3,743)	(6,567)	(2,824)
<i>Fund Equity at Beginning of Year</i>	253,698	253,698	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,495</u>	<u>1,495</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$251,450</u></u>	<u><u>\$248,626</u></u>	<u><u>(\$2,824)</u></u>



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STATISTICAL TABLES

This part of the City of Fairborn’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	168-177
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	178-186
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	188-197
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	198-199
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	200-205
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Fairborn
Net Assets by Component
Last Ten Years
(accrual basis of accounting)
Schedule 1

	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$54,620,618	\$51,699,260	\$53,449,082	\$53,703,616
Restricted	2,288,050	8,908,087	7,825,897	5,536,261
Unrestricted	8,904,252	4,827,281	5,471,500	7,725,904
<i>Total governmental Activities Net Assets</i>	<u>\$65,812,920</u>	<u>\$65,434,628</u>	<u>\$66,746,479</u>	<u>\$66,965,781</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$6,384,413	\$8,410,344	\$9,532,806	\$9,458,159
Unrestricted	7,465,721	5,979,615	6,425,634	7,517,353
<i>Total Business-Type Activities Net Assets</i>	<u>\$13,850,134</u>	<u>\$14,389,959</u>	<u>\$15,958,440</u>	<u>\$16,975,512</u>
Total Primary Government				
Invested in Capital Assets, Net of Related Debt	\$61,005,031	\$60,109,604	\$62,981,888	\$63,161,775
Restricted	2,288,050	8,908,087	7,825,897	5,536,261
Unrestricted	16,369,973	10,806,896	11,897,134	15,243,257
<i>Total Primary Government Net Assets</i>	<u>\$79,663,054</u>	<u>\$79,824,587</u>	<u>\$82,704,919</u>	<u>\$83,941,293</u>

2006	2007	2008	2009	2010	2011
\$52,488,251	\$54,537,585	\$56,578,526	\$57,492,409	\$58,223,118	\$59,259,234
9,740,033	6,871,704	9,231,712	11,579,836	10,917,852	13,249,832
5,223,383	9,007,506	7,221,856	5,834,667	6,468,379	7,587,718
<u>\$67,451,667</u>	<u>\$70,416,795</u>	<u>\$73,032,094</u>	<u>\$74,906,912</u>	<u>\$75,609,349</u>	<u>\$80,096,784</u>
\$10,090,771	\$9,928,349	\$11,700,861	\$12,903,901	\$12,913,413	\$12,778,599
6,670,119	7,169,040	6,733,325	6,413,278	7,461,531	9,037,992
<u>\$16,760,890</u>	<u>\$17,097,389</u>	<u>\$18,434,186</u>	<u>\$19,317,179</u>	<u>\$20,374,944</u>	<u>\$21,816,591</u>
\$62,579,022	\$64,465,934	\$68,279,387	\$70,396,310	\$71,136,531	\$72,037,833
9,740,033	6,871,704	9,231,712	11,579,836	10,917,852	13,249,832
11,893,502	16,176,546	13,955,181	12,247,945	13,929,910	16,625,710
<u>\$84,212,557</u>	<u>\$87,514,184</u>	<u>\$91,466,280</u>	<u>\$94,224,091</u>	<u>\$95,984,293</u>	<u>\$101,913,375</u>

City of Fairborn
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)
Schedule 2

	2002	2003	2004	2005
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	\$3,710,434	\$3,718,960	\$3,926,762	\$4,113,140
Public Safety	1,146,719	1,175,583	1,285,022	1,313,898
Leisure Time Activities	61,701	59,699	55,506	60,430
Community Development	252,513	313,328	297,960	292,286
Transportation and Street Repair	0	0	0	0
Public Health and Welfare	29,575	30,715	28,829	34,073
Operating Grants, Contributions and Interest	1,649,218	775,560	2,417,960	2,274,918
Capital Grants, Contributions and Interest	544,854	888,166	2,063,689	528,654
Total Governmental Activities Program Revenues	7,395,014	6,962,011	10,075,728	8,617,399
Business-Type Activities:				
Charges for Services:				
Water	2,584,278	2,607,726	2,836,439	2,805,354
Sewer	4,006,321	4,006,820	4,433,028	4,594,321
Sanitation	1,903,751	1,878,380	2,005,865	2,010,264
Operating Grants, Contributions and Interest:				
Water	0	0	0	0
Sewer	0	0	0	0
Capital Grants, Contributions and Interest:				
Water	0	0	0	0
Sewer	0	0	0	0
Total Business-Type Activities Program Revenues	8,494,350	8,492,926	9,275,332	9,409,939
Total Primary Government Program Revenues	15,889,364	15,454,937	19,351,060	18,027,338
Expenses:				
Governmental Activities:				
General Government	7,051,733	7,913,833	7,992,100	9,772,999
Public Safety	10,224,571	10,411,559	10,864,285	11,379,893
Leisure Time Activities	192,053	204,881	217,512	257,014
Community Development	876,786	924,385	895,745	1,080,955
Transportation and Street Repair	960,594	962,684	878,685	1,187,932
Public Health and Welfare	170,269	161,312	161,299	172,154
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	227,385	243,382	226,575	663,995
Total Governmental Activities Expenses	19,703,391	20,822,036	21,236,201	24,514,942
Business-Type Activities:				
Water	2,681,226	2,528,612	2,624,043	3,204,297
Sewer	3,657,890	3,408,437	3,158,600	4,535,248
Sanitation	1,784,814	2,025,971	1,946,026	2,027,626
Total Business-Type Activities Expenses	8,123,930	7,963,020	7,728,669	9,767,171
Total Primary Government Expenses	\$27,827,321	\$28,785,056	\$28,964,870	\$34,282,113

2006	2007	2008	2009	2010	2011
\$4,804,288	\$4,255,380	\$4,468,225	\$4,735,434	\$4,546,522	\$5,006,470
1,498,951	1,637,736	1,643,651	1,570,569	2,243,439	1,580,842
65,446	64,074	15,800	15,431	17,755	20,555
254,979	279,014	0	0	0	0
0	897	0	0	0	0
32,022	29,696	27,171	46,576	31,559	40,585
2,504,549	2,910,842	2,852,492	3,312,494	2,601,148	3,119,605
2,186,866	672,689	1,867,845	2,049,859	1,154,072	3,224,212
11,347,101	9,850,328	10,875,184	11,730,363	10,594,495	12,992,269
2,759,818	2,975,569	3,410,484	3,535,657	3,737,937	3,957,558
4,840,354	4,944,647	5,466,151	5,571,836	5,754,670	5,936,952
2,144,265	2,246,696	2,396,874	2,482,526	2,525,807	2,502,118
0	0	5,813	2,657	0	0
0	0	3,170	1,800	51,742	0
0	0	0	37,460	27,700	43,300
0	0	0	44,330	39,540	46,865
9,744,437	10,166,912	11,282,492	11,676,266	12,137,396	12,486,793
21,091,538	20,017,240	22,157,676	23,406,629	22,731,891	25,479,062
10,850,767	9,425,790	8,784,812	9,093,180	10,210,347	9,358,187
13,282,937	12,753,371	13,011,273	13,664,046	13,166,582	13,148,808
486,746	300,073	301,791	389,573	509,311	353,854
1,147,616	1,042,518	932,039	1,030,438	1,096,602	1,107,951
1,214,199	1,391,534	1,461,350	2,044,120	1,829,298	1,858,735
109,854	103,575	79,371	91,313	91,846	96,966
0	0	195,085	207,546	222,316	361,216
598,655	726,456	577,333	523,675	459,319	216,742
27,690,774	25,743,317	25,343,054	27,043,891	27,585,621	26,502,459
3,038,417	3,289,099	3,274,444	3,421,387	3,456,025	3,211,043
5,155,747	4,514,767	4,717,417	4,339,587	5,382,287	5,334,436
2,054,612	2,523,416	2,109,350	2,702,870	2,328,675	2,550,934
10,248,776	10,327,282	10,101,211	10,463,844	11,166,987	11,096,413
\$37,939,550	\$36,070,599	\$35,444,265	\$37,507,735	\$38,752,608	\$37,598,872

(continued)

City of Fairborn
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)
Schedule 2
(Continued)

	2002	2003	2004	2005
Net (Expense)/Revenue				
Governmental Activities	(\$12,308,377)	(\$13,860,025)	(\$11,160,473)	(\$15,897,543)
Business-Type Activities	370,420	529,906	1,546,663	(357,232)
Total Primary Government Net Expenses	(11,937,957)	(13,330,119)	(9,613,810)	(16,254,775)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for: (1)				
General Purposes	2,405,119	2,425,051	2,913,868	2,900,527
Fire and EMS	0	0	0	0
Police	0	0	0	0
Debt Service	155,383	89,952	151,616	157,749
Street Lighting	0	0	0	0
Special Revenue	162,637	162,112	180,544	192,806
Capital Projects	92,417	95,147	91,998	89,878
Other Local Taxes	0	0	0	0
Municipal Income Taxes (2)	5,488,820	6,534,126	6,293,807	9,478,816
Municipal Income Taxes Levied For:				
General Purposes	0	0	0	0
Street Programs	0	0	0	0
Capital Outlay	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Grants and Entitlements not				
Restricted to Specific Programs	3,176,277	3,456,098	1,832,128	1,917,607
Unrestricted Contributions	0	0	0	0
Investment Earnings	372,162	240,579	241,769	712,500
Refunds and Reimbursements	0	0	0	0
Other	689,280	479,904	788,312	860,658
Transfers-Internal Activities	0	(21,136)	(21,818)	(11,614)
Special Item: Sale of Stock	559,980	0	0	0
Total Governmental Activities	13,102,075	13,461,833	12,472,224	16,298,927
Business-Type Activities:				
Investment Earnings	0	0	0	0
Other	0	0	0	0
Transfers-Internal Activities	0	21,136	21,818	11,614
Total Business-Type Activities	0	21,136	21,818	11,614
Total Primary Government	13,102,075	13,482,969	12,494,042	16,310,541
Prior Year Restatement of Governmental Activities Net Assets	0	0	0	0
Prior Year Restatement of Business-Type Activities Net Assets	0	0	0	0
Change in Net Assets:				
Governmental Activities	793,698	(398,192)	1,311,751	401,384
Business-Type Activities	370,420	551,042	1,568,481	(345,618)
Total Primary Government	\$1,164,118	\$152,850	\$2,880,232	\$55,766

(1) During 2008, the City changed the categories of property taxes

(2) Prior to 2008, the City did not separate municipal income taxes by category

2006	2007	2008	2009	2010	2011
(\$16,343,673)	(\$15,892,989)	(\$14,467,870)	(\$15,313,528)	(\$16,991,126)	(\$13,510,190)
(504,339)	(160,370)	1,181,281	1,212,422	970,409	1,390,380
(16,848,012)	(16,053,359)	(13,286,589)	(14,101,106)	(16,020,717)	(12,119,810)
2,458,468	2,174,289	1,751,432	1,604,334	1,645,992	1,551,379
0	0	373,158	373,388	380,949	545,417
0	0	0	148,183	152,106	340,974
160,196	146,175	133,767	149,933	149,388	114,364
0	0	142,205	134,505	139,667	124,253
2,303,320	564,276	0	0	0	0
80,359	159,966	0	0	0	0
0	0	840,651	738,667	712,099	810,109
8,985,856	11,791,441	0	0	0	0
0	0	8,488,898	7,384,148	7,739,285	7,759,131
0	0	2,060,948	1,853,273	1,931,190	1,946,526
0	0	2,030,024	1,848,135	1,931,190	1,946,525
0	0	294,409	310,823	339,114	332,269
1,432,939	2,357,094	2,072,364	2,148,568	2,158,308	1,890,415
60,711	0	0	0	0	0
895,623	1,048,527	958,903	125,503	16,369	135,217
219,905	0	0	0	0	0
240,363	227,875	410,769	368,886	397,906	501,046
(8,181)	(11,212)	0	0	0	0
0	0	0	0	0	0
16,829,559	18,458,431	19,557,528	17,188,346	17,693,563	17,997,625
184,557	259,186	113,524	126,621	57,526	25,838
96,979	76,471	41,992	31,975	29,830	25,429
8,181	11,212	0	0	0	0
289,717	346,869	155,516	158,596	87,356	51,267
17,119,276	18,805,300	19,713,044	17,346,942	17,780,919	18,048,892
0	399,686	0	0	0	0
0	150,000	0	(488,025)	0	0
485,886	2,965,128	5,089,658	1,874,818	702,437	4,487,435
(214,622)	336,499	1,336,797	882,993	1,057,765	1,441,647
\$271,264	\$3,301,627	\$6,426,455	\$2,757,811	\$1,760,202	\$5,929,082

City of Fairborn
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Schedule 3

	2002	2003	2004	2005
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	568,219	245,934	217,896	168,628
Unreserved	<u>4,005,389</u>	<u>3,790,060</u>	<u>3,776,580</u>	<u>4,641,173</u>
Total General Fund	<u>4,573,608</u>	<u>4,035,994</u>	<u>3,994,476</u>	<u>4,809,801</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned(Deficit)	0	0	0	0
Reserved	1,115,820	1,507,275	743,955	2,188,633
Unreserved, Undesignated (Deficit) Reported in:				
Special Revenue Funds	1,135,057	1,118,846	1,100,078	1,026,335
Debt Service Fund	0	0	0	0
Capital Projects Funds	<u>307,038</u>	<u>978,497</u>	<u>1,051,916</u>	<u>7,144,789</u>
Total all Other Governmental Funds	<u>2,557,915</u>	<u>3,604,618</u>	<u>2,895,949</u>	<u>10,359,757</u>
All Governmental Funds	<u>\$7,131,523</u>	<u>\$7,640,612</u>	<u>\$6,890,425</u>	<u>\$15,169,558</u>

(1) The City implemented GASB 54 in 2011.

2006	2007	2008	2009	2010 (1)	2011
\$0	\$0	\$0	\$0	\$28,888	\$46,497
0	0	0	0	213,705	171,849
0	0	0	0	3,371,738	3,410,686
245,018	134,360	202,949	243,901	0	0
5,202,888	5,577,044	4,496,405	3,522,534	0	0
5,447,906	5,711,404	4,699,354	3,766,435	3,614,331	3,629,032
0	0	0	0	1,284,429	3,412,502
0	0	0	0	6,575,123	7,071,041
0	0	0	0	374,831	491,291
0	0	0	0	474,042	593,902
0	0	0	0	(2,553,880)	(3,123,216)
1,916,625	747,853	650,135	2,017,230	0	0
2,500,629	2,342,636	2,678,806	3,274,776	0	0
380,838	369,454	346,215	325,721	0	0
(1,980,179)	(899,905)	(541,650)	(334,303)	0	0
2,817,913	2,560,038	3,133,506	5,283,424	6,154,545	8,445,520
\$8,265,819	\$8,271,442	\$7,832,860	\$9,049,859	\$9,768,876	\$12,074,552

City of Fairborn
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Schedule 4

	2002	2003	2004	2005
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Municipal Income Taxes	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Taxes (1)	8,993,618	9,341,627	9,430,916	12,748,456
Fines, Licenses and Permits	1,801,303	1,733,554	1,576,265	1,673,142
Charges for Services	3,368,475	3,552,641	4,017,814	4,140,685
Investment Earnings	361,252	233,397	235,220	695,348
Intergovernmental	4,938,871	4,862,993	4,713,476	4,964,424
Special Assessments	387,253	450,642	325,991	496,664
Contributions and Donations	0	0	0	0
Other	599,130	439,315	773,721	811,522
Total Revenues	20,449,902	20,614,169	21,073,403	25,530,241
Expenditures:				
Current:				
General Government	5,752,593	5,777,571	5,831,092	6,735,946
Public Safety	9,868,946	9,976,207	10,329,612	10,912,325
Leisure Time Activities	161,955	170,123	176,296	195,785
Community Development	818,227	873,993	850,517	1,033,507
Transportation and Street Repair	899,133	866,139	843,820	1,056,935
Public Health and Welfare	152,562	155,009	158,972	170,082
Capital Outlay	2,743,730	2,469,469	2,990,691	5,632,627
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	426,000	435,000	506,208	1,176,700
Interest and Fiscal Charges	238,408	241,730	227,380	667,870
Issuance Costs	0	0	0	0
Total Expenditures	21,061,554	20,965,241	21,914,588	27,581,777
Excess of Revenues				
Over (Under) Expenditures	(611,652)	(351,072)	(841,185)	(2,051,536)
Other Financing Sources (Uses):				
Premium on Debt Issued	0	0	0	281,454
Sale of Notes	0	0	62,056	0
Proceeds from the Sale of Capital Assets	121,657	31,307	55,451	18,710
Issuance of Long-Term Capital-Related Debt	0	760,000	275,000	10,000,000
Proceeds from Refunding Bonds	0	0	0	0
Proceeds to Refunding Bond Escrow Agent	0	0	0	0
Special Assessments Bond Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Refunding Notes Issued	0	0	0	0
Inception of Capital Lease	0	0	107,924	42,119
Transfers-In	1,505,756	1,897,171	1,248,277	3,057,305
Transfers-Out	(1,407,521)	(1,848,307)	(1,170,495)	(3,068,919)
Total Other Financing Sources (Uses)	219,892	840,171	578,213	10,330,669
Restatement of Prior Year Fund Balances	0	19,990	(487,215)	0
Net Change in Fund Balances	(\$391,760)	\$509,089	(\$750,187)	\$8,279,133
Debt Service as a Percentage				
of Noncapital Expenditures	3.6%	2.0%	2.1%	5.9%

(1) Prior to 2008, the City did not separate Property, Revenue in Lieu of Taxes, Other local, and Municipal Income Taxes

2006	2007	2008	2009	2010	2011
\$0	\$0	\$2,389,176	\$2,425,711	\$2,458,646	\$2,415,919
0	0	840,651	738,667	712,099	810,109
0	0	10,194,655	11,185,796	11,442,949	11,574,407
0	0	294,409	310,823	339,114	332,269
14,340,781	14,175,271	0	0	0	0
1,835,529	1,946,954	2,404,118	2,002,352	1,817,598	1,638,566
4,257,434	3,943,296	3,368,842	4,151,360	4,868,341	5,048,274
895,623	1,049,461	1,000,056	233,256	165,647	168,589
5,164,926	5,196,126	6,287,601	6,028,951	5,914,059	6,236,284
543,391	477,094	317,084	302,578	414,979	416,412
0	0	0	542,430	0	46,558
521,639	289,418	410,769	368,886	397,906	501,046
<u>27,559,323</u>	<u>27,077,620</u>	<u>27,507,361</u>	<u>28,290,810</u>	<u>28,531,338</u>	<u>29,188,433</u>
6,477,723	6,066,276	6,780,642	6,826,870	7,517,523	7,025,927
12,564,172	12,254,446	12,519,358	12,902,125	12,772,786	12,379,650
410,110	211,967	206,165	280,300	391,574	201,592
1,059,955	1,004,676	915,623	1,010,774	1,080,457	1,087,343
1,018,784	1,328,606	1,123,628	1,654,970	1,460,195	1,763,864
89,967	104,930	79,775	88,814	90,865	95,111
11,390,490	4,252,263	4,545,832	2,387,313	2,505,157	1,699,918
0	0	195,085	207,546	222,316	216,742
1,387,422	1,562,422	1,540,702	1,706,369	2,040,492	2,478,903
626,558	755,436	625,846	546,730	485,687	384,476
0	0	0	0	852	11,510
<u>35,025,181</u>	<u>27,541,022</u>	<u>28,532,656</u>	<u>27,611,811</u>	<u>28,567,904</u>	<u>27,345,036</u>
<u>(7,465,858)</u>	<u>(463,402)</u>	<u>(1,025,295)</u>	<u>678,999</u>	<u>(36,566)</u>	<u>1,843,397</u>
0	0	0	0	583	0
0	0	0	0	0	0
65,300	15,237	0	0	0	22,279
505,000	465,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	280,000	135,000	0	320,000
0	0	0	0	45,000	0
0	0	135,000	403,000	710,000	120,000
0	0	171,713	0	0	0
4,077,630	4,127,372	4,839,170	10,563,476	10,226,724	9,644,754
<u>(4,085,811)</u>	<u>(4,138,584)</u>	<u>(4,839,170)</u>	<u>(10,563,476)</u>	<u>(10,226,724)</u>	<u>(9,644,754)</u>
<u>562,119</u>	<u>469,025</u>	<u>586,713</u>	<u>538,000</u>	<u>755,583</u>	<u>462,279</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$6,903,739)</u>	<u>\$5,623</u>	<u>(\$438,582)</u>	<u>\$1,216,999</u>	<u>\$719,017</u>	<u>\$2,305,676</u>
6.6%	5.8%	9.2%	9.0%	9.7%	11.2%

City of Fairborn, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
Schedule 5

Collection Year	Real Property		Tangible Personal Property			
	Assessed Value	Estimated Actual Value	Public Utility		General Business	
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2002	\$389,154,750	\$1,111,870,714	\$15,055,150	\$17,108,125	\$29,381,672	\$117,526,688
2003	450,998,070	1,288,565,914	15,803,490	17,958,511	29,402,399	117,609,596
2004	457,846,720	1,308,133,486	15,059,190	17,112,716	28,546,698	114,186,792
2005	465,630,690	1,330,373,400	14,726,390	16,734,534	28,562,585	114,250,340
2006	502,077,420	1,434,506,914	13,420,850	15,250,966	27,961,223	149,126,523
2007	506,398,990	1,446,854,257	12,989,310	14,760,580	19,626,089	157,008,712
2008	513,328,920	1,466,654,057	11,790,182	13,397,934	15,057,095	24,091,352
2009	552,208,370	1,577,738,200	10,790,570	12,262,011	7,381,048	11,809,677
2010	546,193,740	1,560,553,543	11,198,650	12,725,739	9,299,640	14,879,424
2011	513,212,360	1,466,321,029	11,439,860	12,999,841	0	0

Source: Greene County Auditor

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero percent for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

Assessed Value	Total		Weighted Average Tax Rate (per \$1,000 of assessed value)
	Estimated Actual Value	Ratio	
\$433,591,572	\$1,246,505,527	34.78%	9.48
496,203,959	1,424,134,022	34.84	9.29
501,452,608	1,439,432,994	34.84	10.57
508,919,665	1,461,358,274	34.83	9.27
543,459,493	1,598,884,403	33.99	8.95
539,014,389	1,618,623,549	33.30	8.89
540,176,197	1,504,143,343	35.91	8.85
570,379,988	1,601,809,888	35.61	8.78
566,692,030	1,588,158,705	35.68	8.80
524,652,220	1,479,320,869	35.47	8.80

City of Fairborn, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years
Schedule 6

	2002	2003	2004	2005
Unvoted Millage				
Operating	\$2.50000	\$2.50000	\$2.50000	\$2.50000
Voted Millage - by levy				
1976 Current Expense				
Residential/Agricultural Real	1.3522	1.3411	1.3360	1.2619
Commercial/Industrial and Public Utility Real	1.8985	1.9509	1.9694	1.8990
General Business and Public Utility Personal	4.8000	4.8000	4.8000	4.8000
1976 Street Light				
Residential/Agricultural Real	0.2535	0.2515	0.2505	0.2366
Commercial/Industrial and Public Utility Real	0.3560	0.3658	0.3693	0.3561
General Business and Public Utility Personal	0.9000	0.9000	0.9000	0.9000
1976 Bond Levy (\$930,000)				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1982 Emergency Medical Service				
Residential/Agricultural Real	0.4497	0.4460	0.4443	0.4196
Commercial/Industrial and Public Utility Real	0.5538	0.5692	0.5745	0.5540
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1990 Bond Levy (\$1,750,000)				
Residential/Agricultural Real	0.2000	0.3000	0.3000	0.3000
Commercial/Industrial and Public Utility Real	0.2000	0.3000	0.3000	0.3000
General Business and Public Utility Personal	0.2000	0.3000	0.3000	0.3000
2011 Police				
Residential/Agricultural Real	0.00000	0.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	0.00000	0.00000
General Business and Public Utility Personal	0.00000	0.00000	0.00000	0.00000
2011 Fire & EMS				
Residential/Agricultural Real	0.00000	0.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	0.00000	0.00000
General Business and Public Utility Personal	0.00000	0.00000	0.00000	0.00000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	2.25540	2.33860	2.33080	2.21810
Commercial/Industrial and Public Utility Real	3.00830	3.18590	3.21320	3.10910
General Business and Public Utility Personal	6.90000	7.00000	7.00000	7.00000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	4.75540	4.83860	4.83080	4.71810
Commercial/Industrial and Public Utility Real	5.50830	5.68590	5.71320	5.60910
General Business and Public Utility Personal	9.40000	9.50000	9.50000	9.50000

2006	2007	2008	2009	2010	2011
\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000
1.2566	1.2535	1.1784	1.1787	1.1799	0.0000
1.9108	1.9210	1.7922	1.8323	1.8505	0.0000
4.8000	4.8000	4.8000	4.8000	4.8000	0.0000
0.2356	0.2350	0.2209	0.2210	0.2212	0.0000
0.3583	0.3602	0.3360	0.3436	0.3470	0.0000
0.9000	0.9000	0.9000	0.9000	0.9000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.4179	0.4169	0.3919	0.3920	0.3924	0.0000
0.5575	0.5604	0.5229	0.5345	0.5398	0.0000
1.0000	1.0000	1.0000	1.0000	1.0000	0.0000
0.3000	0.2800	0.3000	0.3000	0.2500	0.0000
0.3000	0.2800	0.3000	0.3000	0.2500	0.0000
0.3000	0.2800	0.3000	0.3000	0.2500	0.0000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
0.00000	0.00000	0.00000	0.00000	0.00000	4.40000
2.21010	2.18540	2.09120	2.09170	2.04350	8.80000
3.12660	3.12160	2.95110	3.01040	2.98730	8.80000
7.00000	6.98000	7.00000	7.00000	6.95000	8.80000
4.71010	4.68540	4.59120	4.59170	4.54350	11.30000
5.62660	5.62160	5.45110	5.51040	5.48730	11.30000
9.50000	9.48000	9.50000	9.50000	9.45000	11.30000

(continued)

City of Fairborn, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years
Schedule 6
(Continued)

Overlapping Rates by Taxing District

	2002	2003	2004	2005
Fairborn City School District				
Residential/Agricultural Real	\$22.9000	\$22.6000	\$22.6000	\$22.4000
Commercial/Industrial and Public Utility Real	24.3519	24.5718	24.7422	23.8984
General Business and Public Utility Personal	44.7000	44.4000	44.4000	44.2000
Greene County Joint Vocational School District				
Residential/Agricultural Real	2.6172	2.6154	2.6133	2.5752
Commercial/Industrial and Public Utility Real	2.6638	2.7062	2.7076	2.6528
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
General Health District				
Residential/Agricultural Real	0.4373	0.4360	0.4346	0.4079
Commercial/Industrial and Public Utility Real	0.4528	0.4601	0.4604	0.4455
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Greene County				
Residential/Agricultural Real	8.1034	7.9194	10.3606	10.8837
Commercial/Industrial and Public Utility Real	8.6860	8.5882	10.6373	11.3795
General Business and Public Utility Personal	10.3300	10.0700	11.3000	12.3000

Source: Greene County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year of each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2006	2007	2008	2009	2010	2011
\$22.4001	\$30.7001	\$30.1000	\$30.0066	\$30.1277	\$32.2323
24.0142	32.4080	31.0102	31.2887	31.4438	33.0970
44.2000	52.5000	51.9000	51.8000	51.9000	52.6500
2.5720	2.5692	2.5269	2.5285	2.5316	2.6460
2.6661	2.6501	2.6030	2.6776	2.6963	2.8188
3.4500	3.4500	3.4500	3.4500	3.4500	3.4500
0.4971	0.4948	0.4570	0.4573	0.4578	0.8000
0.5000	0.4954	0.4598	0.4731	0.4763	0.8000
0.5000	0.5000	0.5000	0.5000	0.5000	0.8000
10.6950	10.6547	10.0302	10.9944	11.5834	11.2744
11.1652	11.0849	10.4644	11.5388	11.5388	11.8825
11.5500	11.5500	11.5500	12.2500	12.2500	12.2500

City of Fairborn, Ohio
Principal Property Tax Payers
 2011 and 2005 (1)
 Schedule 7

Taxpayer	2011	
	Assessed Value	Percentage of Total Assessed Value
Wright Executive Hotel	\$10,749,680	2.05%
Dayton Power and Light	9,124,600	1.74%
Charter Woods LLC	6,280,800	1.20%
Wright Patt Credit	4,987,700	0.95%
GE Commercial Finance	4,804,820	0.92%
2600 Paramount Place LLC	4,397,720	0.84%
Mapleview Apartments LLC	4,058,050	0.77%
2940 Presidential Drive LLC	3,947,800	0.75%
2970 Presidential Drive LLC	3,822,440	0.73%
2900 Presidential Drive LLC	3,774,660	0.72%
Total Principal Property Tax Payers	55,948,270	10.67%
Total All Others	468,703,950	89.33%
Total Assessed Value	\$524,652,220	100.00%

Taxpayer	2005 (1)	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light Company	\$7,395,220	1.45%
Charter Woods, LLC	6,155,900	1.21%
MG-Mapleview LTD	4,838,520	0.95%
2377 Commerce Center Blvd.	3,956,090	0.78%
Ohio Bell Telephone	3,872,460	0.76%
Trebein Limited ADK III	3,519,900	0.69%
Highland Apartments	3,134,650	0.62%
Property Associates LLC	3,098,380	0.61%
Miami Valley Publishing Co., Inc.	3,045,800	0.60%
Ali Industries	2,996,550	0.59%
Total Principal Property Tax Payers	42,013,470	8.26%
Total All Others	466,906,195	91.74%
Total Assessed Value	\$508,919,665	100.00%

Source: County Auditor

(1) Information prior to 2005 is unavailable.

City of Fairborn, Ohio
Property Tax Levies and Collections
Last Ten Years
Schedule 8

Collection Year	Total Tax Levied (1)	Current Tax Collection (1)	Percent of Current Levy Collected	Delinquent Tax Collection (2) (3)	Total Tax Collections	Percent of Total Collections To Total Levy
2002	\$2,312,652	\$2,236,001	96.69%	\$0	\$2,236,001	96.69%
2003	2,391,232	2,295,337	95.99%	0	2,295,337	95.99%
2004	2,525,070	2,436,033	96.47%	0	2,436,033	96.47%
2005	2,577,182	2,390,628	92.76%	0	2,390,628	92.76%
2006	2,681,552	2,589,155	96.55%	0	2,589,155	96.55%
2007	2,964,283	2,628,788	88.68%	0	2,628,788	88.68%
2008	2,868,759	2,554,887	89.06%	86,433	2,641,320	92.07%
2009	2,717,660	2,579,953	94.93%	113,788	2,693,741	99.12%
2010	3,243,053	2,591,481	79.91%	132,721	2,724,202	84.00%
2011	6,362,712	2,415,919	37.97%	111,913	2,527,832	39.73%

Source: County Auditor

- (1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (2) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.
- (3) Prior to 2008 the County Auditor did not split tax collections between current and delinquent.

City of Fairborn, Ohio
Income Tax by Payer Type and Income Tax Rate
Last Ten Years
(cash basis of accounting)
Schedule 9

Calendar Year	Individual		Total Individual	Corporate (1)	Partnership (2)	Total	Income Tax Rate
	Withholding	Non-Withholding					
2002	\$5,194,056	\$762,233	\$5,956,289	\$367,593	\$0	\$6,323,882	1.00%
2003	5,253,485	813,148	6,066,633	423,774	0	6,490,407	1.00%
2004	5,294,278	787,786	6,082,064	456,293	0	6,538,357	1.00%
2005	7,764,991	1,005,942	8,770,933	469,672	0	9,240,605	1.50%
2006	8,339,271	1,355,634	9,694,905	796,801	0	10,491,706	1.50%
2007	8,850,224	1,278,895	10,129,119	747,105	0	10,876,224	1.50%
2008	8,597,465	1,438,186	10,035,651	799,493	0	10,835,144	1.50%
2009	9,097,190	1,344,367	10,441,557	493,240	0	10,934,797	1.50%
2010	9,052,186	1,465,601	10,517,787	527,885	0	11,045,672	1.50%
2011	9,090,819	1,503,761	10,594,580	788,138	0	11,382,718	1.50%

(1) Corporate includes Partnerships, unable to break out the information.

(2) Information not available.

Note: Increases in the income tax rate requires voter approval.



City of Fairborn, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years
Schedule 10

Calendar Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	General Obligation Notes	Special Assessment Notes	Income Tax Revenue Bonds	Capital Leases
2002	\$1,770,000	\$1,694,000	\$1,220,000	\$85,833	\$0	\$0
2003	1,983,000	1,806,000	470,000	56,663	0	0
2004	1,995,000	1,598,000	185,000	83,511	0	935,160
2005	1,700,000	1,390,000	2,110,000	59,811	9,350,000	852,285
2006	1,400,000	1,760,000	4,750,000	36,111	8,470,000	720,737
2007	1,080,000	2,000,000	2,470,000	12,412	7,570,000	627,014
2008	890,000	1,960,000	2,365,000	260,000	6,650,000	804,147
2009	695,000	1,789,000	3,292,762	501,000	5,830,729	669,186
2010	570,583	1,437,000	1,993,163	710,000	4,802,583	527,264
2011	390,466	1,394,000	2,009,129	120,000	3,669,437	395,237

N/A - Information not available.

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Population and Personal Income data are presented on Schedule 18.

Business-Type Activities

General Obligation Bonds	Special Assessment Bonds	OWDA Loan	OPWC Loan	General Obligation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$5,030,000	\$0	\$3,662,632	\$216,911	\$3,690,000	\$0	\$17,369,376	0.38%	\$542
5,515,000	0	3,365,076	200,225	3,100,000	0	16,495,964	0.35%	515
8,050,000	0	3,058,962	183,540	1,630,000	75,783	17,794,956	0.37%	555
7,340,000	0	2,735,900	166,855	4,700,000	58,082	30,462,933	0.62%	950
6,590,000	0	2,394,852	150,170	3,900,000	39,576	30,211,446	0.58%	943
5,805,000	150,000	2,034,697	133,485	6,600,000	20,228	28,502,836	0.53%	889
4,850,000	140,000	1,654,244	116,800	10,880,000	5,239	30,575,430	0.54%	856
4,021,044	130,000	1,252,220	108,458	10,635,000	4,767	28,929,166	0.52%	824
10,560,921	120,000	827,271	91,772	4,057,000	285,848	25,983,405	0.44%	714
9,657,268	115,000	493,521	75,086	5,577,000	224,744	24,120,888	0.41%	663

City of Fairborn, Ohio
*Ratio of General Obligation Bonded Debt to
 Estimated Actual Value and General Obligation Bonded Debt Per Capita
 Last Ten Years
 Schedule 11*

Year	General Bonded Debt	Estimated Actual Value (1)	Population (2)	Ratio of Debt to Estimated Actual Value	Debt Per Capita
2002	\$6,800,000	\$1,246,505,527	32,054	0.55%	\$212.14
2003	21,071,013	1,424,134,022	32,054	1.48%	657.36
2004	21,048,842	1,439,432,994	32,054	1.46%	656.67
2005	22,314,249	1,461,358,274	32,054	1.53%	696.15
2006	38,065,780	1,598,884,403	32,054	2.38%	1,187.55
2007	34,582,788	1,618,623,549	32,054	2.14%	1,078.89
2008	5,740,000	1,504,143,343	32,054	0.38%	179.07
2009	4,716,044	1,601,809,888	32,054	0.29%	147.13
2010	11,131,504	1,588,158,705	32,352	0.70%	344.07
2011	10,047,734	1,479,320,869	32,352	0.68%	310.58

Source: (1) Greene County Auditor
 (2) Population estimates provided by U.S. Census Bureau (2000 and 2010 Census).

Source: City Records

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
 Also, resources have not been externally restricted for the repayment of debt.

City of Fairborn, Ohio
Direct and Overlapping Governmental Activities Debt
 December 31, 2011
 Schedule 12

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Fairborn (1)	Amount Applicable to the City of Fairborn
Direct Debt:			
City of Fairborn			
Notes Payable	\$2,129,129	100.00%	\$2,129,129
General Obligation Bonds	390,466	100.00%	390,466
Income Tax Revenue Bonds	3,669,437	100.00%	3,669,437
Special Assessment Bonds	1,394,000	100.00%	1,394,000
Capital Lease Obligations	395,237	100.00%	395,237
	<u>7,978,269</u>		<u>7,978,269</u>
Total Direct Debt	<u>7,978,269</u>		<u>7,978,269</u>
Overlapping Debt:			
Greene County	26,453,427	14.42%	3,814,584
Beavercreek Township	125,000	3.52%	4,400
Greene County Vocational School District (2)	150,002	14.17%	21,255
Beavercreek City School District (2)	108,520,000	3.48%	3,776,496
Fairborn City School District (2)	16,878,741	77.84%	13,138,412
	<u>152,127,170</u>		<u>20,755,147</u>
Total Overlapping Debt	<u>152,127,170</u>		<u>20,755,147</u>
Grand Total	<u><u>\$160,105,439</u></u>		<u><u>\$28,733,416</u></u>

Source: Greene County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The debt outstanding is as of June 30, 2011.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account.

City of Fairborn, Ohio
Legal Debt Margin Information
Last Ten Years
Schedule 13

	2002	2003	2004	2005
Total Assessed Valuation	\$433,591,572	\$496,203,959	\$501,452,608	\$508,919,665
Overall debt limitation - 10.5% of assessed valuation	<u>45,527,115</u>	<u>52,101,416</u>	<u>52,652,524</u>	<u>53,436,565</u>
Debt Outstanding				
General Obligation Bonds	6,800,000	7,803,000	10,340,000	9,325,000
Income Tax Revenue Bonds	0	0	0	9,350,000
Special Assessment Bonds	1,779,833	1,557,663	1,386,511	1,164,811
Loans Payable	3,879,543	3,565,301	3,242,502	2,902,756
Bond Anticipation Notes	4,610,000	3,570,000	1,815,000	6,810,000
Total Gross Indebtedness	<u>17,069,376</u>	<u>16,495,964</u>	<u>16,784,013</u>	<u>29,552,567</u>
Less Exempt Debt				
General Obligation Bonds	5,030,000	5,515,000	8,050,000	7,340,000
Income Tax Revenue Bonds	0	0	0	9,350,000
Special Assessment Bonds	1,779,833	1,557,663	1,386,511	1,164,811
Loans Payable	3,879,543	3,565,301	3,242,502	2,902,756
Bond Anticipation Notes	4,610,000	3,570,000	1,815,000	6,810,000
Total Exempt Debt	<u>15,299,376</u>	<u>14,207,964</u>	<u>14,494,013</u>	<u>27,567,567</u>
Net Debt Subject to Limitation	1,770,000	2,288,000	2,290,000	1,985,000
Less amount available in the Debt Service Fund	<u>629,634</u>	<u>549,673</u>	<u>572,652</u>	<u>642,319</u>
Total Net Debt Subject to Limitation	<u>1,140,366</u>	<u>1,738,327</u>	<u>1,717,348</u>	<u>1,342,681</u>
Legal debt margin within 10.5% limitation	<u>\$44,386,749</u>	<u>\$50,363,089</u>	<u>\$50,935,176</u>	<u>\$52,093,884</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.5%	96.7%	96.7%	97.5%
Unvoted debt limitation 5.5% of assessed valuation	\$23,847,536	\$27,291,218	\$27,579,893	\$27,990,582
Debt Outstanding	<u>17,069,376</u>	<u>16,495,964</u>	<u>16,784,013</u>	<u>29,552,567</u>
Less Exempt Debt				
General Obligation Bonds	5,030,000	5,515,000	8,050,000	7,340,000
Income Tax Revenue Bonds	0	0	0	9,350,000
Special Assessment Bonds	1,779,833	1,557,663	1,386,511	1,164,811
Loans Payable	3,879,543	3,565,301	3,242,502	2,902,756
Bond Anticipation Notes	4,610,000	3,570,000	1,815,000	6,810,000
Total Exempt Debt	<u>15,299,376</u>	<u>14,207,964</u>	<u>14,494,013</u>	<u>27,567,567</u>
Net Debt Subject to Limitation	1,770,000	2,288,000	2,290,000	1,985,000
Less amount available in the Debt Service Fund	<u>629,634</u>	<u>549,673</u>	<u>572,652</u>	<u>642,319</u>
Total Net Debt Subject to Limitation	<u>1,140,366</u>	<u>1,738,327</u>	<u>1,717,348</u>	<u>1,342,681</u>
Legal debt margin within 5.5% limitation	<u>\$22,707,170</u>	<u>\$25,552,891</u>	<u>\$25,862,545</u>	<u>\$26,647,901</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	95.2%	93.6%	93.8%	95.2%

Ohio Bond Law sets a limit of 10.5 percent for voted debt and 5.5 percent for unvoted debt.

2006	2007	2008	2009	2010	2011
\$543,459,493	\$539,014,389	\$540,176,197	\$570,379,988	\$566,692,030	\$524,652,220
57,063,247	56,596,511	56,718,501	59,889,899	59,502,663	55,088,483
8,265,000	6,735,000	5,740,000	4,725,000	11,205,000	10,115,000
8,470,000	7,570,000	6,650,000	5,690,000	4,690,000	3,585,000
1,386,111	2,162,412	2,100,000	1,919,000	1,557,000	1,509,000
2,545,022	2,168,182	1,771,044	1,360,678	919,043	568,607
8,650,000	9,070,000	13,505,000	14,428,762	6,747,762	7,692,762
29,316,133	27,705,594	29,766,044	28,123,440	25,118,805	23,470,369
6,590,000	5,655,000	4,850,000	4,030,000	10,635,000	9,725,000
8,470,000	7,570,000	6,650,000	5,690,000	4,690,000	3,585,000
1,386,111	2,162,412	2,100,000	1,919,000	1,557,000	1,509,000
2,545,022	2,168,182	1,771,044	1,360,678	919,043	568,607
8,650,000	9,070,000	13,505,000	14,428,762	6,747,762	7,692,762
27,641,133	26,625,594	28,876,044	27,428,440	24,548,805	23,080,369
1,675,000	1,080,000	890,000	695,000	570,000	390,000
623,570	369,454	346,215	325,721	295,174	283,373
1,051,430	710,546	543,785	369,279	274,826	106,627
\$56,011,817	\$55,885,965	\$56,174,716	\$59,520,620	\$59,227,837	\$54,981,856
98.2%	98.7%	99.0%	99.4%	99.5%	99.8%
\$29,890,272	\$29,645,791	\$29,709,691	\$31,370,899	\$31,168,062	\$28,855,872
29,316,133	27,705,594	29,766,044	28,123,440	25,118,805	23,470,369
6,590,000	5,655,000	4,850,000	4,030,000	10,635,000	9,725,000
8,470,000	7,570,000	6,650,000	5,690,000	4,690,000	3,585,000
1,386,111	2,162,412	2,100,000	1,919,000	1,557,000	1,509,000
2,545,022	2,168,182	1,771,044	1,360,678	919,043	568,607
8,650,000	9,070,000	13,505,000	14,428,762	6,747,762	7,692,762
27,641,133	26,625,594	28,876,044	27,428,440	24,548,805	23,080,369
1,675,000	1,080,000	890,000	695,000	570,000	390,000
623,570	369,454	346,215	325,721	295,174	283,373
1,051,430	710,546	543,785	369,279	274,826	106,627
\$28,838,842	\$28,935,245	\$29,165,906	\$31,001,620	\$30,893,236	\$28,749,245
96.5%	97.6%	98.2%	98.8%	99.1%	99.6%

City of Fairborn, Ohio
Pledged Revenue Coverage
Special Assessment Bonds - Governmental
Last Ten Years
Schedule 14

Calendar Year	Special Assessment Collections (1)	Debt Service		Coverage
		Principal	Interest	
2002	\$359,756	\$196,000	\$122,900	1.13
2003	332,774	193,000	117,315	1.07
2004	393,506	213,000	116,067	1.20
2005	347,871	213,000	99,770	1.11
2006	301,223	140,000	83,472	1.35
2007	399,839	230,000	99,859	1.21
2008	449,334	332,412	99,524	1.04
2009	378,758	306,000	93,814	0.95
2010	435,901	352,000	79,878	1.01
2011	454,156	363,000	64,792	1.06

Source: County Auditor

(1) City's tax settlement sheets.

City of Fairborn, Ohio
Pledged Revenue Coverage
Special Assessment Bonds - Sewer Fund
Last Four Years
Schedule 15

Calendar Year (1)	Special Assessment Collections (2)	Debt Service		Coverage
		Principal	Interest	
2008	\$16,100	\$10,000	\$6,100	1.00
2009	15,840	10,000	5,840	1.00
2010	15,550	10,000	5,550	1.00
2011	10,240	5,000	5,240	1.00

Source: County Auditor

- (1) Information prior to 2008 is unavailable.
- (2) City's tax settlement sheets.

City of Fairborn, Ohio
Pledged Revenue Coverage
OPWC Loan - Water Fund
Last Ten Years
Schedule 16

Calendar Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Requirements	Coverage
2002	\$2,570,909	\$1,726,293	\$844,616	\$16,685	50.62
2003	2,596,541	1,611,535	985,006	16,686	59.03
2004	2,808,946	1,614,602	1,194,344	16,685	71.58
2005	2,773,541	2,213,913	559,628	16,685	33.54
2006	2,829,053	2,132,888	696,165	16,685	41.72
2007	3,049,605	2,328,430	721,175	16,685	43.22
2008	3,438,472	2,318,426	1,120,046	16,685	67.13
2009	3,553,451	2,527,093	1,026,358	16,685	61.51
2010	3,751,611	2,588,244	1,163,367	16,686	69.72
2011	3,976,354	2,384,233	1,592,121	16,686	95.42

(1) Direct operating expenses do not include depreciation expense.

City of Fairborn, Ohio
Pledged Revenue Coverage
OWDA Loans - Sewer Fund
Last Ten Years
Schedule 17

Calendar Year	Gross Revenues	Less: Operating Expenses(1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	\$3,970,838	\$2,414,112	\$1,556,726	\$211,618	\$219,341	3.61
2003	3,985,235	2,093,522	1,891,713	288,873	247,325	3.53
2004	4,389,254	1,836,790	2,552,464	306,114	186,647	5.18
2005	4,540,138	3,067,957	1,472,181	323,062	168,817	2.99
2006	4,867,233	3,142,634	1,724,599	341,049	149,909	3.51
2007	4,945,690	3,189,204	1,756,486	360,155	122,578	3.64
2008	5,480,155	3,432,202	2,047,953	380,453	102,279	4.24
2009	5,586,017	3,127,248	2,458,769	402,024	80,706	5.09
2010	5,770,826	3,955,133	1,815,693	424,949	55,693	3.78
2011	5,943,585	3,670,074	2,273,511	333,750	33,377	6.19

(1) Direct operating expenses do not include depreciation expense.

City of Fairborn, Ohio
Demographic and Economic Statistics
Last Ten Years
Schedule 18

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2002	32,054	\$4,519,917	\$29,845	5.7%
2003	32,054	4,693,132	30,638	5.4%
2004	32,054	4,788,234	30,810	5.7%
2005	32,054	4,925,113	31,545	5.4%
2006	32,054	5,206,513	33,044	5.4%
2007	32,054	5,390,237	33,988	6.2%
2008	32,054	5,692,242	35,720	7.5%
2009	32,054	5,610,597	35,105	11.7%
2010	32,352	5,877,656	36,370	10.7%
2011	32,352	5,877,656 (5)	36,370 (5)	9.2%

Sources:

- (1) Population estimates provided by U.S. Census Bureau (2000 Census, and 2010 Census).
- (2) Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts.
- (3) Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts.
- (4) Ohio Labor Market Information
- (5) Information for was not available for 2011; the 2010 amounts were used as an estimate

City of Fairborn, Ohio
Principal Employers
 2011 and 2005 (1)
 Schedule 19

2011	
Employer	Number of Employees
Wright Patterson AFB	27,000
Wright State University	2,385
Teleperformance USA Inc.	600
Fairborn City Schools	566
Wright-Patt Credit Union (2)	508
Ball Aerospace	364
City of Fairborn	237
Morris Home Furniture Co.	167
I Supply	165
Ali Industries	160
Total Employees	32,152

2005	
Employer	Number of Employees
Wright Patterson AFB	22,000
Wright State University	2,200
Fairborn City Schools	550
Teleperformance USA Inc.	400
Logtec (2)	300
Ball Aerospace	260
Wright-Patt Credit Union (2)	260
City of Fairborn	260
Computer Sciences Corp.	250
Northrop Grumman	240
Total Employees	26,720

Source: Community Development Division

- (1) Information prior to 2005 is unavailable
- (2) Denotes corporate headquarters

Total employment within the City for either year is not available.

City of Fairborn, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years
Schedule 20

Function/Program	2002	2003	2004	2005	2006	2007
General Government						
City Council	0.5	0.5	0.5	4.0	4.0	0.9
Municipal Court	26.8	26.8	25.1	24.0	24.0	28.9
City Administration	4.8	4.8	4.8	3.5	3.5	3.8
Finance	14.5	14.5	14.5	15.0	14.0	15.3
Legal	2.0	1.8	1.8	2.0	2.0	2.0
Personnel	2.0	2.0	1.6	1.0	1.0	1.0
Engineering	4.0	4.0	4.0	4.0	5.5	6.1
Public Works Director	1.0	1.0	0.0	0.0	0.0	0.0
Audio Visual	1.0	1.0	1.0	0.0	0.0	0.0
Plant Maintenance	12.0	11.4	12.0	12.0	12.0	9.6
Victim Witness	2.0	2.0	2.0	2.0	2.0	1.9
Public Safety (1)						
Police						
Sworn Officers	64.6	66.2	60.7	51.0	47.5	43.0
Non-Sworn	0.0	0.0	0.0	16.0	16.0	18.6
Fire	54.0	53.0	51.0	50.5	51.0	52.0
Community Environment						
Building Inspection	5.7	5.0	5.0	5.0	5.0	4.9
City Planner	3.0	3.1	3.0	3.0	3.0	2.3
Neighborhood Betterment	3.6	2.0	2.0	4.0	3.5	3.6
Leisure Time Activities						
Parks and Recreation	1.5	1.5	1.5	1.5	1.5	1.3
Transportation and Street Repair						
Street	11.3	10.3	9.8	10.0	10.0	10.0
State Highway	1.0	1.0	1.0	1.0	1.0	1.0
Public Health and Welfare						
Cemetery	2.0	2.0	2.0	1.5	1.5	1.5
Basic Utility Service						
Water	16.3	16.3	17.3	17.5	17.0	17.4
Sewer	22.5	22.5	22.5	21.5	23.0	21.7
Sanitation	2.0	2.0	2.0	1.0	1.0	1.1
Internal Service						
ITS	0.0	0.0	0.0	2.0	2.0	3.0
Equipment Services	9.7	8.7	8.0	7.0	7.0	7.1
Total	<u>267.6</u>	<u>263.2</u>	<u>253.0</u>	<u>260.0</u>	<u>258.0</u>	<u>257.5</u>

Source: Various City Departments

(1) Information obtained from department annual reports.

2008	2009	2010	2011
1.4	1.4	1.4	1.4
29.5	30.1	29.3	26.2
3.0	4.0	3.0	3.0
12.8	13.4	13.9	13.2
2.0	2.0	2.0	2.5
1.0	1.0	1.0	1.0
6.1	6.4	6.4	5.3
0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0
8.8	8.8	8.5	8.4
1.8	1.8	2.0	2.0
43.0	43.0	42.0	42.0
18.9	18.9	18.9	17.0
51.7	51.5	51.5	47.5
4.9	5.5	5.5	5.4
2.8	2.5	2.5	2.3
2.9	2.8	2.6	3.5
1.5	1.6	2.1	2.1
9.4	10.0	10.0	10.1
1.0	1.0	1.0	1.0
1.5	1.5	1.0	1.0
16.6	16.6	16.6	16.7
22.5	21.9	21.9	22.1
1.1	1.6	2.1	1.1
3.0	2.8	2.9	2.9
7.1	7.1	7.1	6.1
<u>254.3</u>	<u>257.0</u>	<u>255.1</u>	<u>243.8</u>

City of Fairborn, Ohio
Operating Indicators by Function/Program
Last Ten Years
Schedule 21

Function/Program	2002	2003	2004	2005	2006
General government					
Municipal Court					
Criminal and Traffic Cases	19,247	16,163	13,666	16,072	19,043
Criminal and Traffic Trials	108	130	97	79	96
Criminal and Traffic Receipts (in 000's)	\$2,818	\$2,571	\$2,439	\$2,624	\$2,983
Civil/Small Claims Cases	1,543	2,156	1,810	1,983	2,072
Civil/Saml Claims Trials	721	1,013	851	835	897
Civil/Small Claims Receipts (in 000's)	\$454	\$541	\$610	\$578	\$581
Security of Persons and Property					
Police					
Calls for Service (1)	24,012	23,124	23,413	32,778	37,252
Parking Violations	1,299	1,132	995	1,141	932
Traffic Violations	4,227	4,085	2,509	2,515	5,400
Criminal Citations	2,616	2,798	3,018	2,817	3,478
Training Hours	5,149	4,507	4,091	3,441	4,691
Fire					
Emergency Responses	5,204	5,478	5,495	5,736	5,872
Inspections	1,590	1,503	1,121	1,141	1,157
Training Hours	N/A	5,425	7,730	12,518	6,980
Community Environment					
Planning and Development					
Residential Construction Permits Issued	1,500	1,442	1,383	1,195	1,040
Estimated Value of Residential					
Construction	\$18,200,034	\$18,296,213	\$17,011,265	\$14,832,301	\$11,939,843
Commercial Construction					
Permits Issued	398	393	352	474	361
Estimated value of Commercial					
Construction	\$6,978,147	\$15,197,647	\$15,651,854	\$17,083,481	\$23,925,526
Parks and Recreation					
Softball Registrations	68	70	90	95	72
Weekend Softball Tournaments	50	54	50	57	46
Water					
New Connections	158	145	145	102	91
Water Main Breaks	22	38	37	37	22
Average Daily Consumption					
(millions of gallons)	3,600	4,300	3,760	3,792	3,594
Peak Daily Consumption					
(millions of gallons)	N/A	N/A	N/A	N/A	4,730
Total Water Treated					
(millions of gallons)	1,481	1,559	1,375	1,384	1,320
Average Daily Treatment					
(millions of gallons)	4.0	4.2	3.8	3.8	3.6
Hydrants Flushed	1,386	1,411	1,448	1,457	1,460
Sewer					
Total Water Treated					
(millions of gallons)	1,493	1,537	1,448	1,555	1,581
Average Daily Treatment					
(millions of gallons)	4.1	4.2	4.0	4.3	4.3

Source: Various City Departments

(1) In 2005, the police department changed the method of counting total calls for service to the same method of other area departments.

2007	2008	2009	2010	2011
19,634	18,369	15,728	13,877	13,388
106	83	67	85	62
\$3,034	\$3,245	\$3,035	\$2,791	\$2,747
2,146	2,410	2,022	2,116	1,857
587	1,190	1,054	965	853
\$729	\$900	\$809	\$874	\$896
34,981	37,250	35,482	35,194	32,601
852	689	979	822	761
6,218	5,986	4,820	4,063	3,947
3,506	3,740	3,183	1,690	1,362
4,008	2,739	3,741	1,814	2,595
6,000	6,214	6,095	6,287	6,464
1,177	1,200	1,100	889	1,300
5,924	5,400	4,487	1,700	2,300
1,044	806	1,048	1,068	1,125
\$17,515,016	\$10,092,588	\$30,159,074	\$20,844,967	\$25,238,437
359	380	290	312	389
\$17,655,180	\$25,416,559	\$6,188,505	\$6,021,792	\$5,285,194
86	100	93	65	64
40	57	64	55	72
83	68	70	49	62
42	42	33	44	33
3,414	3,300	3,300	2,445	2,415,000
4,690	4,730	4,240	4,258	4,012,000
1,260	1,202	1,212	1,203	1,200
3.4	3.3	3.3	3.3	3.5
1,423	1,423	1,463	1,353	1,500
1,636	1,669	1,530	1,550	1,943
4.5	4.6	4.2	4.3	5.3

City of Fairborn, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years
Schedule 22

Function/Program	2002	2003	2004	2005	2006
Police					
Stations	1	1	1	1	1
Patrol units	31	31	33	31	31
Fire Stations	3	3	3	3	3
Public Works					
Area of City (square miles)	13.40	13.40	13.41	13.41	13.41
Streets (lane miles)	124.46	127.21	288.81	288.81	293.10
Streetlights	1,900	1,900	1,995	1,995	2,342
Parks and Recreation					
Number of Parks	16	17	18	19	19
Acreage	431.88	622.09	622.31	651.51	686.61
Playgrounds	16	16	18	18	18
Baseball/softball diamonds	17	17	17	15	15
Soccer/football fields	12	12	12	12	12
Number of Tennis Courts	14	14	14	14	14
Municipal Water Department					
Daily Treatment Capacity (millions of gallons)	4.60	4.60	5.00	5.00	5.00
Water Mains (miles)	142.00	144.34	145.95	147.69	148.56
Fire hydrants	1,386	1,411	1,448	1,457	1,460
Sewers					
Daily Treatment Capacity (millions of gallons)	5.50	6.00 (1)	6.00 (1)	6.00 (1)	6.00
Storm Sewers (miles)	102.29	105.58	109.09	109.71	110.66
Sanitary Sewers (miles)	129.13	131.76	133.84	135.24	135.78

Source: Various City Departments

(1) Information was corrected from prior years.

2007	2008	2009	2010	2011
1	1	1	1	1
30	30	30	30	13
4	4	4	4	4
13.41	13.41	13.40	13.41	13.41
294.20	294.94	294.94	296.13	297.27
2,495	2,512	2,512	2,506	2,514
19	19	20	20	20
686.57	686.57	714.30	715.00	712.33
17	17	18	18	19
15	15	15	15	15
12	12	12	12	12
14	14	14	14	14
5.40	5.40	5.40	5.40	6.50
149.37	149.78	149.78	149.93	151.78
1,457	1,470	1,477	1,412	1,493
6.00	6.00	6.00	6.00	6.00
111.57	112.32	112.32	113.16	113.82
136.50	136.20	136.50	137.52	138.02

City of Fairborn
Finance Department
44 West Hebble Avenue
Fairborn OH 45324
Telephone: (937) 754-3005
www.ci.fairborn.oh.us



CITY OF FAIRBORN, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Disbursements
<u>U.S. DEPARTMENT OF HUD</u>			
<i>Pass-Through State Department of Development:</i>			
HOME Investment Partnerships Program	A-C-10-2BK-2	14.239	\$59,144
<i>Pass-Through State Department of HUD:</i>			
Community Development Block Entitlement Grant	B-12-MC-39-0032	14.218	243,772
<i>Pass-Through City of Dayton:</i>			
Neighborhood Stabilization Program (NSP II)	B-09-CN-OH-0029	14.256	184,750
<i>Pass-Through Greene County:</i>			
Neighborhood Stabilization Program (NSP I)	B-Z-08-1BA-1	14.228	364,575
			<u>852,241</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Funding</i>			
Edward Bryne Memorial Justice Assistance Grant	2010-DJ-0186	16.738	7,110
Bulletproof Vest Partnership	N/A	16.607	1,885
<i>Pass-Through Ohio Attorney General:</i>			
Victims of Crimes Act	2011-VAGENE482	16.575	20,024
Victims of Crimes Act	2012-VAGENE482	16.575	4,005
<i>Pass-Through Ohio Office of Criminal Justice Services:</i>			
Victim Witness Justice Assistance Grant	2010-JG-D01-6876	16.738	40,782
<i>Pass-Through Greene County:</i>			
Equitable Sharing Fund	N/A	16.xxx	26,195
			<u>100,001</u>
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Funding</i>			
EPA Brownfield Grant	N/A	66.818	107,074
			<u>107,074</u>
US DEPARTMENT OF HOMELAND SECURITY -			
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Pass-Through Ohio Emergency Management Agency</i>			
Buffer Zone Protection Program	2010-BF-TO-0028	97.078	316,904
			<u>316,904</u>
			<u>\$1,376,220</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared using the cash basis of accounting.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, City Council
and City Manager
City of Fairborn, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 17, 2012 wherein we noted the City adopted GASB Statements No. 54 and No. 59 as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as Finding 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Auditor of State, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.
Plattenburg & Associates, Inc.
August 17, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Honorable Mayor, City Council
and City Manager
City of Fairborn, Ohio

Compliance

We have audited the City of Fairborn's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2011, and have issued our report thereon dated August 17, 2012, which contained unqualified opinions on those financial statements wherein we noted the City adopted GASB Statements No. 54 and No. 59 as disclosed in Note 3. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Auditor of State, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
August 17, 2012

**CITY OF FAIRBORN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011**

Section I – Summary of Auditor’s Results

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list):</i>	CFDA# 14.228 Neighborhood Stabilization Program CFDA# 16.xxx Equitable Sharing Fund CFDA# 97.078 Buffer Zone Protection Program
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type B: all others Type A: > \$300,000
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

2011–1 Finding Type —Material Weakness—Controls Related to Financial Reporting

The presentation of financial statements and the related footnotes that are free of material misstatement is the responsibility of the City’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in both the City’s financial statements and notes to the financial statements requiring adjustment in order to present the financial statements and notes in conformity with accounting principles generally accepted in the United States of America.

We provided adjusting entries to the City which corrected the misstatements prior to the issuance of the financial statements. The misstatements are an indicator that improvements are needed to strengthen existing control procedures related to financial reporting.

Descriptions of the misstatements are as follows:

Unrecorded Accounts Payable

Certain accounts payable were not recognized at year end resulting in understatement of liabilities as well as Assets Held for Resale for both the fund level and entity-wide level financial statements.

Misclassification of a Major Fund as Non-major & Inadequate Note Disclosure

Revisions to the financial statements were made without recalculating major fund status of the funds affected resulting in failure to present the Clean Ohio Revitalization Fund as a major fund and failure to update the notes to the financial statements related to major funds.

Recommendation:

Consider modifying the existing control procedures over the financial reporting process to perform the final review of the financial statements, workpapers and journal entries earlier in the GAAP conversion process so that adequate time is available for a systematic detailed final review. All levels of review should take place prior to the start of the financial statement audit.

Management’s Response:

The City relies on a third party to provide GAAP conversion services. The City will work with the GAAP consultant and the auditor to schedule adequate time for all phases of the GAAP conversion and audit.

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF FAIRBORN
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
DECEMBER 31, 2011**

Summary of Prior Audit Findings and Questioned Costs:

No Prior Audit Findings and Questioned Costs.



Dave Yost • Auditor of State

CITY OF FAIRBORN

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 27, 2012